CHINA OILFIELD SERVICES LIMITED

(STOCK CODE H-share : 2883 ; A-share : 601808)

2024 ANNUAL REPORT

AMAZING TECHNOLOGY •
EXCELLENT SERVICE

Company Profile

INTRODUCTION

China Oilfield Services Limited (the "Company", the "Group" or "COSL"), listed on Hong Kong Stock Exchange (HK stock code: 2883) and Shanghai Stock Exchange (Shanghai stock code: 601808), is one of the leading integrated oilfield services providers in the world. Its services cover each phase of oil and gas exploration, development and production.

OUR PERFORMANCE

In 2024, COSL provided clients with single, bundled, integrated and general contracting business services in each phase of exploration, development and production of oil and gas through business in four segments (drilling services, well services, marine support services and geophysical acquisition and surveying services). Furthermore, the Company's performance in some broaden operating aspects such as society and environment has also fulfilled its expectation. For details, please refer to the Financial Statements of this annual report and the 2024 Environmental, Social and Governance (ESG) Report disclosed by the Company on the website of the Hong Kong Stock Exchange.

PROSPECT

The Company has steady market share in China market and actively expands the overseas markets in the regions including Asia Pacific, Middle East, America, Europe and Africa, which provides a sturdy platform for continuous business development.

Oilfield service industry has made us facing challenges and risks varying from place to place, including uncertain political and legal environment as well as the risks coming from deepwater and overseas operation. COSL has rich experiences in oilfield services. With a better understanding on China market, and strict risk management policy, we believe that we will seize the opportunities and overcome the future business challenges.

STRATEGIC TARGET

COSL aims at becoming a world-class energy services provider with Chinese characteristics. The Company has formulated five development strategies of technology-driven, cost leadership, integration, internationalization and regional development. To achieve this goal, the Company insists on working in a sustainable operating model, targets on balancing the development of economic, society and environment and endeavors to provide domestic and overseas clients with safe, high quality, effective and eco-friendly full life-cycle services, striving for a win-win benefit with our customers, employees, business partners and shareholders.

CORPORATE GOVERNANCE

Corporate governance of COSL includes not only those set out in the Corporate Governance Code of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company Law of the PRC and the Articles of Association of COSL, but also stricter and self-established standards.

Content

Business Overview

COSL not only provides services of single operation for the clients, but also offers integrated services and general contracting business services.

DOMESTIC

In 2024, the Company maintained the leading position in China oilfield services market and provided drilling services, well services, marine support services and geophysical acquisition and surveying services for oil and gas field exploration and development. The Company also gave full play to the advantage of integration ability to provide clients with integrated oilfield full life-cycle services.

INTERNATIONAL

In 2024, the Company achieved breakthroughs in exploring new businesses, markets and clients with the constant development of international business and the even growing regional markets.

Asia Pacific region: Businesses involve geophysical services, drilling, logging, directional drilling, cementing, drilling & completion fluids, well completion, work-over services, stimulation, marine support services, disposal service and product sales.

Middle East region: Businesses involve drilling, logging, directional drilling, cementing, drilling & completion fluids, well completion, work-over services, stimulation and product sales.

America region: Businesses involve drilling, cementing, drilling & completion fluids, logging, marine support services, integrated services of drilling and completion, geophysical services and product sales.

Europe region: Businesses involve drilling and related services.

Africa region: Businesses involve integrated services of land drilling and completion, land wireline logging and perforation, land cementing and drilling & completion fluids services.

2024 PERFORMANCES:

Total revenue:
RMB
48,218.1
million

Profit from operations:
RMB
5,047.6
million

Profit for the year:
RMB
3,399.1
million

Basic earnings per share:
RMB
65.74
cents/share

Total assets:
RMB
82,947.7
million

Total equity:
RMB
44,424.5
million

Financial Highlights

Unit: RMB million

	2024	2023	Change %
Revenue			
Domestic revenue	37,333.5	34,571.9	8.0
International revenue	10,884.6	9,470.3	14.9
Total	48,218.1	44,042.2	9.5
Operating expenses	(43,497.6)	(39,496.7)	10.1
Profit from operations	5,047.6	4,855.2	4.0
Profit before tax	4,667.3	4,242.9	10.0
Income tax expense	(1,268.2)	(960.2)	32.1
Profit for the year	3,399.1	3,282.6	3.5
Basic earnings per share (cents/share)	65.74	63.15	4.1
Net assets per share (RMB/share)	9.3	8.9	4.5
Ratio			
Return on equity (%)	7.8	8.0	
Return on asset (%)	4.1	4.1	
Gearing ratio (%)	39.8	41.9	
Price/earnings ratio (times)	9.9	11.5	
Dividend yield (%)	3.5	2.9	
Dividend payout ratio (%)	35.1	33.3	

Notes:

1. *Return on equity = Net profit for the year/((total equity at the beginning of the year + total equity at the end of the year)/2)*
2. *Return on asset = Net profit for the year/average total assets*
3. *Gearing ratio = Net debt at the end of the year/(total equity at the end of the year + net debt at the end of the year)*
4. *Price/earnings ratio = Closing share price of H shares on the last trading day of the year/earnings per share*
5. *Dividend yield = Dividends per share/Closing share price of H shares on the last trading day of the year*
6. *Dividend payout ratio = Dividends/earnings attributable to ordinary equity holders of the Company during the year*

FIVE-YEAR FINANCIAL POSITION REVIEW

Unit: RMB million

Major financial data and indicators	2024	2023	Change over the same period last year (%)	2022 (Restated)	2021	2020
Revenue	48,218.1	44,042.2	9.5	35,610.1	29,168.5	28,925.3
Profit from operations	5,047.6	4,855.2	4.0	2,723.4	1,541.3	4,141.9
Profit for the year	3,399.1	3,282.6	3.5	2,499.2	322.1	2,718.3
Basic earnings per share (cents/share)	65.74	63.15	4.1	49.43	6.56	56.65

	As at the end of 2024	As at the end of 2023	Change over the end of the same period last year (%)	As at the end of 2022 (Restated)	As at the end of 2021	As at the end of 2020
Total equity	44,424.5	42,256.1	5.1	39,976.0	38,216.3	38,688.8
Total assets	82,947.7	83,245.8	(0.4)	77,160.7	73,311.7	75,942.3

Chairman's Statement

Zhao Shunqiang
Chairman and Chief Executive Officer

Dear Shareholders,

In 2024, the global economy demonstrated resilience amid a complex environment, while the oil and gas industry continued to adjust its layout, and the oilfield services industry maintained a steady development trend. Faced with the intricate international situation and industry environment, the Company raised the banner of reform, seized development opportunities, and deeply implemented the five development strategies of "technology-driven", "cost leadership", "integration", "internationalization" and "regional development", which propelled the Company to achieve a positive development momentum characterized by stability with improvement, progress and enhanced quality. The Company has taken new and solid steps on its journey to accelerate the construction of a world-class energy service company with Chinese characteristics.

I. STRENGTHENING AND OPTIMIZING PRIMARY RESPONSIBILITIES AND CORE BUSINESS, WITH CONTINUAL IMPROVEMENT IN SERVICE SUPPORT FOR OIL AND GAS RESERVE GROWTH AND PRODUCTION ENHANCEMENT.

In 2024, the Company consistently adhered to the value pursuit of "always exceeding customers' expectations", deepened the concept of collaboration, emphasized collaborative efficiency enhancement, externalized the concept of "lean management for higher production capacity", and achieved the best operation rate of large equipment in history. The Company refined the concept of "delivering high-quality wellbore products to customers" into quantitative management indicators, with reducing "occupying wellbore time" as the lead measure, and continuously improved the monitoring system and evaluation mechanism for operational quality indicators, unleashing significant resource potential and management "dividends". In response to the rapidly increasing proportion of complex operations such as double-deep and double-high conditions, the Company continued to strengthen the R&D of key core technologies and continuously iterated and upgraded the technologies such as geophysical data processing and enhancing oil recovery through profile control and flood diversion. The exploration and development technologies for unconventional oil and gas fields, as well as the asset value-driven EPC model for oil and gas fields, have begun to take shape. The Company successfully seized the market opportunity for large-scale release of difficult-to-produce reserves.

II. DEEPENING REFORM WITH STEADY AND RAPID PROGRESS TO SHAPE AN INITIAL ORGANIZATIONAL FORM ADAPTED TO THE NEW ERA DEVELOPMENT.

In 2024, the Company innovatively implemented an organizational structure reform centered on "business entities, functional entities and support entities", clarified the responsibilities of organizations at all levels, enhanced functional roles, and significantly improved operational efficiency and management levels, setting a new historical record for all labor productivity across the Company. The Company accelerated the concentration of resources towards core businesses and value-creating units, implemented "fleet management" in the equipment segment and "business line management" in the technology segment, and pioneered a new management path of "five types + three models" for overseas institutions. These measures further highlighted the organizational characteristics of agility, efficiency and delayering. The Company firmly grasped the strategic leading position and fundamental supporting role of technological innovation. Its technology system of the "two leading and one characteristic" has basically achieved three-dimensional output of "individual products, overall solutions and integrated services", the full-calibre scientific research input-output ratio has hit a record high, and a number of featured technologies have entered a new phase of industrialization, spectrum and branding development. It only took one year to achieve its second "1,000 wells and Million Meters Drilling Milestone" of the "Xuanji" system.

III. REFORMING AND INNOVATING MANAGEMENT AND CONTROL MODELS TO FURTHER STRENGTHEN AND PERFECT THE MODERN CORPORATE GOVERNANCE SYSTEM.

In 2024, the Company focused on establishing a sound and modern institutional system and accelerating the improvement of an "institutional paradigm" that meets the development needs. The Company refined the "one charter, two systems, eight rules and four lists", forming a governance mechanism with clear authority, horizontal collaboration, vertical integration and comprehensive system. The Company gradually clarified the direction of process and system construction in the new era, and innovatively treated "business processes" as management objects. By guiding management flow with value flow, aligning organizational flow with management flow, and ensuring that management flow serves business flow, the Company effectively accelerated its transformation from a "function-based division of labor" to a "process-oriented control" model. The Company continued to build an operational system from "customer demand" to "product delivery", upgraded the "7SC" cost control system with the focus on lean management, and promoted the in-depth expansion of the "4P" (Per well, Per rig, Per project, Per business line) management, full life-cycle management for overseas projects, and debt optimization, steadily improving cost-profit ratio and return on total assets. Furthermore, the Company strengthened risk identification, early warning, assessment and control in the areas of market, finance and safety production and promoted the benign interaction between high-quality development and high-level safety.

IV. ITERATING AND RENEWING INDUSTRIAL FORMATS, WITH CONTINUOUS ENHANCEMENT OF CORE COMPETITIVE ADVANTAGES AND INDUSTRIAL DEVELOPMENT POSITIONING.

In 2024, with the concept of "non-conventional philosophy for traditional business", the Company advanced the rapid development of new business formats such as "Rig +", "Vessel +" and "Technology +", changed the previous simple and traditional value creation methods based on single resources, and unleashed the synergistic effect of "1+1>2". Fully leveraging the industrial advantages of diversity and long chains, the Company efficiently coordinated various resources and opened up a new chapter in domestic and overseas markets for one-stop solutions such as integrated services of drilling, completion and well workover, as well as integrated comprehensive oilfield management. This achieved "mutual convergence towards win-win" of customer asset value and the Company's professional value. Adhering to the transformation and upgrading of traditional industries as well as the cultivation of strategic emerging industries, the Company accelerated the construction of "Intelligent COSL", and "Xuanji Cloud" was selected as one of the 2024 Industrial Digital Transformation Cases, which promoted the accelerated coverage of oilfield services from complete tangible products to intangible products interconnected at the deeper platform software level.

Dear Shareholders, the year 2025 is an extremely important year that connects the past and the future. The Company will adhere to the general tone of pursuing progress amidst stability, seek development with firm confidence, make further breakthroughs in reforms, go all out to stabilize growth, promote transformation, strengthen advantages and prevent risks, focus on achieving connotative development centered on value creation, complete the objectives of the "14th Five-Year Plan" with high quality, lay a firm foundation for a good start of the "15th Five-Year Plan", speed up the construction of a world-class energy service company with Chinese characteristics, and strive to reward all Shareholders and all sectors of society with new accomplishments in development!

Zhao Shunqiang
Chairman and Chief Executive Officer
25 March 2025

Management Discussion and Analysis

INDUSTRY DEVELOPMENT OVERVIEW FOR 2024

In 2024, the global economic growth slowed down. The World Economic Outlook report issued by the International Monetary Fund (IMF) in January 2025 predicted that the global economic growth rate would be 3.2% in 2024. In 2024, under the influence of multiple factors such as the trend of the world economy, the output policies of "OPEC+" and the development of new energy, the oil market underwent continuous adjustments, with supply and demand under deep game playing. Although "OPEC+" kept reducing output, the global oil demand was flat, the international oil price declined year-on-year, and safeguarding energy security is still the priority of many countries to promote the recovery of global oil and gas investment. Under the impact of favorable factors and headwinds, the international oil price witnessed fluctuations within a wide range with relatively sluggish performance in general. Meanwhile, the new round of industry consolidation starting in 2023 was ongoing, and some oil companies which went through radical transformation adjusted their development strategies and slowed down their transformation after reviewing the energy transition to refocus on oil and gas production.

BUSINESS REVIEW

After experiencing multiple shocks, the world economy grew slowly in 2024, the global trade gradually recovered and the downward trend of international investment eased. However, with the rise of trade protectionism, global economic growth lacked momentum and the growth prospects faced numerous uncertainties. In terms of international oil price, under the influence of various factors such as the interaction of supply and demand, the price range stood at a medium-high level, and the volatility narrowed year-on-year. The annual average price of WTI (crude oil) was US$75.76/barrel, representing a year-on-year decrease of 2.4%. Supported by oil prices, the capital expenditure of offshore oil and gas exploration and the scale of oilfield services market have maintained resilience and increased year-on-year, and the utilisation rate of drilling rigs basically remained stable. The Company closely monitored the changing trend of the international oil and gas market, firmly maintained technological innovation as the strategic priority, continued to refine cost control measures, while it strove to promote the mutually reinforcing domestic and international dual-circulation and was committed to transforming its advanced equipment and technological capacity into a premium market position. In 2024, the operating revenue amounted to RMB48,218.1 million, representing a year-on-year increase of RMB4,175.9 million or 9.5%, while net profit amounted to RMB3,399.1 million, representing a year-on-year increase of RMB116.5 million or 3.5%.

Drilling Services

DRILLING SERVICES SEGMENT

The Company is the largest offshore drilling contractor in China and one of the internationally well-known drilling contractors. It mainly provides relevant drilling and well completion services such as jack-up drilling rigs, semi-submersible drilling rigs and land drilling rigs. At the end of 2024, the Company operated and managed a total of 62 drilling rigs (of which 48 are jack-up drilling rigs, and 14 are semi-submersible drilling rigs), etc.

In 2024, revenue from drilling services amounted to RMB13,182.3 million, representing an increase of 9.4% as compared with RMB12,051.2 million in 2023.

In 2024, the global drilling market maintained steady growth with incremental demand concentrated primarily in semi-submersible drilling rigs. The Company seized the opportunity of overseas market to make great efforts to develop large-amount, long-term and high-value overseas projects, consolidated the "industrial control" with "new breakthrough" in resource utilisation efficiency, continued to promote the construction of "offshore equipment design and construction center" and promoted the quality improvement and upgrading of offshore oil and gas equipment manufacturing industry. The "COSLProspector" rig officially launched high daily-rate operations in Norway during the year, and the "NH8" rig successfully won the bid for a long-term high-value drilling project in South America. The Company established long-term cooperative relationships with customers, realized the "double news" breakthrough of new customers in new regions, promoted the healthy development of overseas markets, and continuously strengthened the momentum of international business development; the newly commissioned "HYSY947" and "HYSY948" rigs during the year have successfully and efficiently completed the drilling operation and received praises from customers for its high-quality service; the "Zhenhai No. 6" rig has commissioned and operated in the East China Sea; in terms of the "AE1" rig, the Company successfully signed long-term operation contracts for jack-up rigs in Southeast Asia, which continuously consolidated the presence of drilling services in local market; the "COSLSeeker" rig successfully won the bid for a certain drilling project in Southeast Asia, which effectively expanded the market in Southeast Asia.

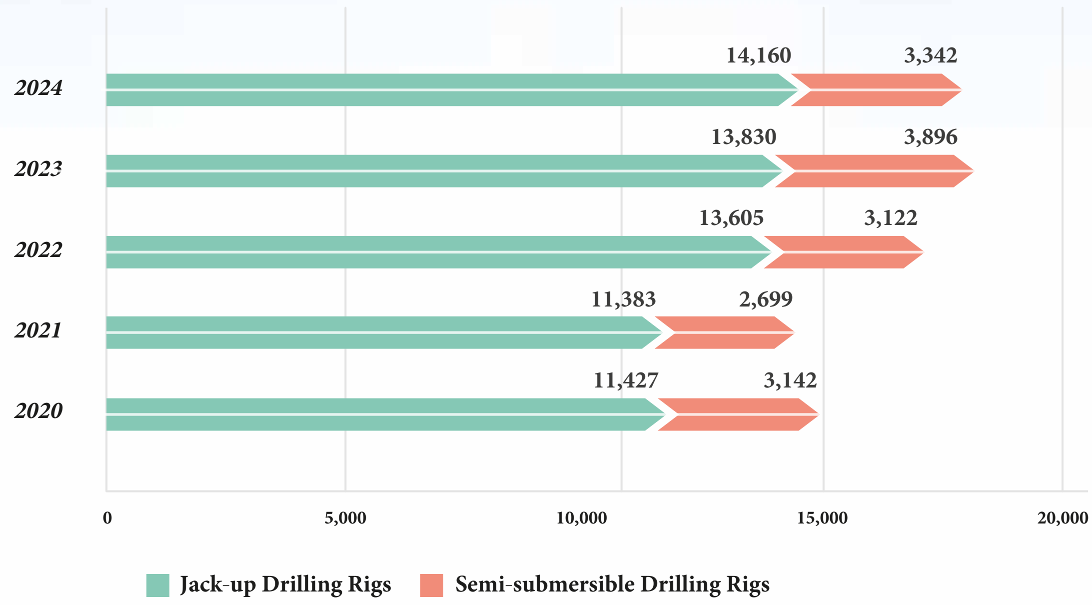
At the end of 2024, the Company had 44 drilling rigs in China and 18 drilling rigs overseas.

Due to the impact of the typhoon season in Southern China, the Company's drilling rigs operated for 17,502 days in 2024, representing a year-on-year decrease of 224 days or 1.3%.

In 2024, the Company's jack-up drilling rigs operated for 14,160 days, representing a year-on-year increase of 330 days; semi-submersible drilling rigs operated for 3,342 days, representing a year-on-year decrease of 554 days. Available day utilisation rate of drilling rigs was 83.4%, representing a year-on-year decrease of 1.8 percentage points. Among which, the utilisation rate of semi-submersible drilling rigs was 75.6%, representing a year-on-year decrease of 7.4 percentage points, which was due to the decline in workload with the impact of weather factors. Operational details are as follows:

	2024	2023	Change	Percentage change
Operating days (day)	17,502	17,726	(224)	(1.3%)
Jack-up drilling rigs	14,160	13,830	330	2.4%
Semi-submersible drilling rigs	3,342	3,896	(554)	(14.2%)
Available day utilisation rate	83.4%	85.2%	Down 1.8 percentage points	
Jack-up drilling rigs	85.5%	85.9%	Down 0.4 percentage point	
Semi-submersible drilling rigs	75.6%	83.0%	Down 7.4 percentage points	
Calendar day utilisation rate	78.0%	79.9%	Down 1.9 percentage points	
Jack-up drilling rigs	81.8%	80.9%	Up 0.9 percentage point	
Semi-submersible drilling rigs	65.2%	76.2%	Down 11.0 percentage points	

NUMBER OF OPERATING DAYS FOR DRILLING RIGS IN RECENT YEARS



In 2024, the average daily revenue of the Company's drilling rigs is as follows:

Average daily revenue (ten thousand US$/day)	2024	2023	Change	Percentage change
Jack-up drilling rigs	7.5	7.4	0.1	1.4%
Semi-submersible drilling rigs	14.3	13.3	1.0	7.5%
Drilling rigs average	8.8	8.7	0.1	1.1%

Notes: (1) *Average daily revenue = revenue/operating days.*

(2) *USD/RMB exchange rate was 1:7.1884 as at 31 December 2024 and 1:7.0827 as at 31 December 2023.*

Well Services

WELL SERVICES SEGMENT

The Company is the main provider of China offshore well services together with the provision of onshore well services. Through the continuous input in technology research and development, advanced technological facilities and excellent management teams, the Company provides comprehensive professional well services, including but not limited to logging, drilling & completion fluids, directional drilling, cementing, well completion, well workover, stimulation, etc.

In 2024, revenue from the well services increased by 7.4% to RMB27,610.3 million from RMB25,717.5 million in 2023. The Company continued to implement the "technology-driven" strategy, focused on the needs of customers to deepen the forward-looking technology layout and industrialization capacity building, promoted the large-scale application of independent technologies and products and overseas market expansion, and achieved a dual improvement of technological brand value and operational benefit.

The Company strengthened technological breakthroughs in key fields, enhanced industrial innovation by leveraging on technological innovation, established a virtuous circle of technological research and development, transformation, iteration and value creation, thus propelled the leap in productive forces to advanced qualitative levels and generated multiple landmark achievements. The "Xuanyue" brand of high-end oil and gas technology equipment was successfully released, achieving a number of technological breakthroughs, effectively helping the development of deep-water, deep-layer, low-porosity, low-permeability and other high-difficulty oil and gas exploitation, and injecting new driving force into improvement of the level of the whole industrial chain of oil and gas exploration and development. The large-scale application capability of the "Xuanji" system has been continuously enhanced, and the full-scale downhole instrument has the capability of "rotary steerable system + edge exploration + four lines + autonomous high-speed pulse". The directional rotary steerable system was successfully applied in the Bohai Oilfield for the first time, helping the "Xuanji" system to improve the adaptability of the whole formation. The "Haihong" well completion system has been successfully applied in domestic offshore oilfields for over 8,000 well times, realizing the large-scale applications of a full series of software, tools and experimental detection platforms, and effectively improving the autonomy level of China's offshore well completion industry.

The Company fully integrated its technological advantages across the whole industrial chain, constantly advanced the marketization process of its self-developed technologies and products, and secured overseas orders for its technologies and products, demonstrating its technological strength and market competitiveness. "Xuanji" system, along with high-end system tools and various types of self-developed logging instruments, continued to expand the external market share by virtue of its advanced technology and wide application, and the sales force building and strategic layout has strengthened, thus expanding the technology influence of COSL brand. The Company successfully signed service contracts for drilling & completion fluids, wireline logging and other projects in Southeast Asia, established a marketing model with the dual-track feeder of "products + services" and "products + sales" and mutual promotion. The self-developed technologies and products have been fully recognized by customers and the expansion of overseas market has achieved fruitful achievements.

Marine Support Services

MARINE SUPPORT SERVICES SEGMENT

The Company operates and manages the largest offshore operation fleet with the most comprehensive functions in China, with over 200 vessels including AHTS vessels, platform supply vessels and standby vessels at the end of 2024. The Company can provide comprehensive support and services, including anchor handling for different water level, towing of drilling rigs/engineering barges, offshore transportation, oil/gas field standby, firefighting, rescue and oil spill assisting, for offshore oil and gas exploration, development, construction and oil/gas field production, which can fulfill multidimensional needs of clients.

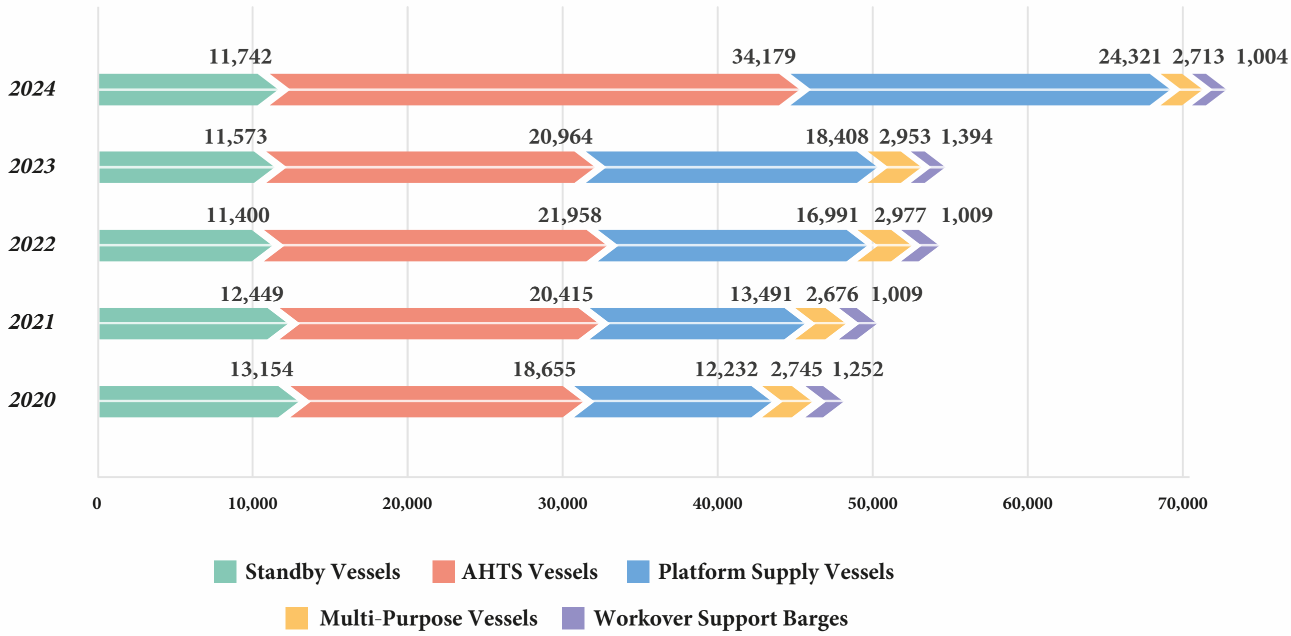
In 2024, revenue of marine support services increased by 20.9% to RMB4,760.9 million from RMB3,938.8 million in 2023.

The Company keenly seized the opportunity of the market recovery and strengthened the capacity building of vessels resource pools with significant improvement in the annual operation scale. Meanwhile, with the advantages of professional management, the Company tailored vessel allocation plans based on customer needs and successively acquired large-amount, long-term and high-value overseas projects. The high-end customer base in the regional market continued to expand. The Company successfully developed new customers in Southeast Asian market and comprehensively strengthened the coordination ability of maritime vessel services. The Company entered the African market for the first time and successfully completed the marine support services project, further strengthening the market penetration. The Company has realized the application of scientific research achievements in the industrial internet project for the first time, which significantly improved digital intelligence management level of OSV vessels materials and equipment operation and maintenance guarantee. The "HYSY545" vessel followed the global green and low-carbon development trend, upgraded and transformed the "LNG+ new energy" mode, effectively reduced energy consumption and carbon emissions of vessels and promoted green and low-carbon transformation and upgrading.

In 2024, the operational details of vessels of the Company are as follows:

Operating days (day)	2024	2023	Change	Percentage Change
Standby vessels	11,742	11,573	169	1.5%
AHTS vessels	34,179	20,964	13,215	63.0%
Platform supply vessels	24,321	18,408	5,913	32.1%
Multi-purpose vessels	2,713	2,953	(240)	(8.1%)
Workover support barges	1,004	1,394	(390)	(28.0%)
Total	73,959	55,292	18,667	33.8%

NUMBER OF OPERATING DAYS FOR UTILITY VESSELS IN RECENT YEARS



Geophysical Acquisition and Surveying Services

GEOPHYSICAL ACQUISITION AND SURVEYING SERVICES SEGMENT

The Company is a major supplier for China offshore geophysical acquisition and surveying services and a solid competitor and a provider of effective and high quality service in the global geophysical exploration. At the end of 2024, the Company owned 5 towing streamer vessels, 5 submarine seismic vessels and 4 integrated marine surveying vessels. Services for clients include but not limited to providing services of wide azimuth, broadband, high density seismic acquisition services, ocean bottom cable and ocean bottom node multi-component seismic acquisition services, as well as integrated offshore surveying services.

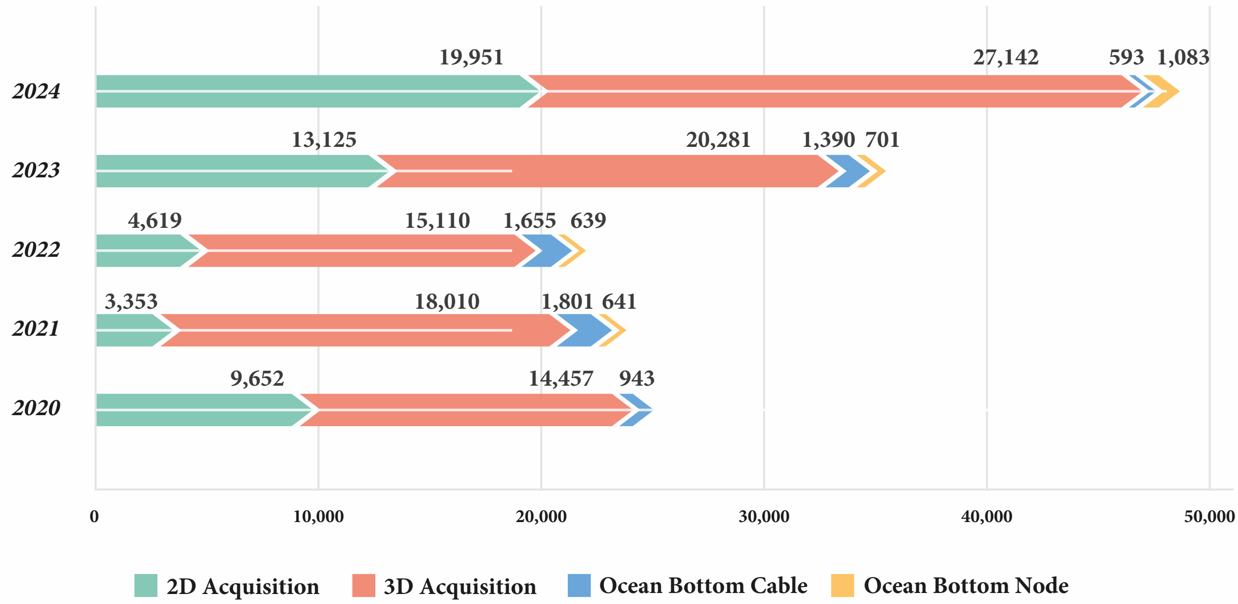
In 2024, revenue of geophysical acquisition and surveying services increased by 14.1% to RMB2,664.6 million from RMB2,334.7 million in 2023, of which, the surveying services recorded revenue of RMB723.6 million, representing an increase of 3.7% as compared with RMB698.0 million in 2023.

The Company rationally allocated domestic and overseas equipment resources to effectively release the production capacity of geophysical operations. In 2024, the newly signed contract amount and overseas revenue of overseas geophysical projects hit a record high for the same period. The Company relied on independent equipment and technology research and development to strengthen its core business and improve the quality of acquisition data and operation efficiency. The self-developed "Haimai" was selected in the fourth batch list of the first major technical equipment in the energy field in China, which played an important role in the reserve and production output improvement of oil and gas resources in China and provided a solid guarantee for safeguarding national energy security. "Haijing", a complete set of marine seismic exploration towed streamer equipment, has successfully completed the overseas seismic exploration technical service operation in Southeast Asia, which received full recognition from overseas markets. The Company continued to strengthen its cooperative relationship with diversified customers, fully utilized the domestic winter window to complement and release production capacity and promoted breakthroughs in overseas regional development. The "HYSY721" vessel successfully completed the large-scale 3D seismic acquisition task in West Africa and South America. In terms of surveying business, the Company successfully signed the first operation service contract in North America. The Company has achieved fruitful achievements in the overseas market.

In 2024, the details of geophysical acquisition of the Company are as follows:

Businesses	2024	2023	Change	Percentage Change
2D acquisition (km)	**19,951**	13,125	**6,826**	**52.0%**
3D acquisition (km^2)	**27,142**	20,281	**6,861**	**33.8%**
Ocean bottom cable (km^2)	**593**	1,390	**(797)**	**(57.3%)**
Ocean bottom node (km^2)	**1,083**	701	**382**	**54.5%**

THE OPERATING VOLUME OF GEOPHYSICAL SERVICE FLEET IN RECENT YEARS (KM/KM^2)



MAJOR SUBSIDIARIES

China Oilfield Services (BVI) Limited, COSL Hong Kong International Limited, COSL Norwegian AS ("CNA"), COSL Singapore Limited, China France Bohai Geoservices Co., Ltd. ("China France Bohai") and COSL Hainan Ltd. ("Hainan Company") are major subsidiaries of the Group, which mainly engage in drilling, well services and relevant businesses.

As at 31 December 2024, the total assets of China Oilfield Services (BVI) Limited amounted to RMB4,901.7 million and equity was RMB1,661.2 million. China Oilfield Services (BVI) Limited realized revenue of RMB5,310.4 million in 2024, representing an increase of RMB330.4 million compared with last year. The net profit amounted to RMB307.8 million, representing an increase of RMB237.9 million compared with last year.

As at 31 December 2024, the total assets of COSL Hong Kong International Limited amounted to RMB7,671.6 million and equity was RMB7,671.6 million. COSL Hong Kong International Limited realized revenue of RMB0 in 2024. The net profit amounted to RMB193.3 thousand, representing an increase of RMB68.8 thousand compared with last year, which was mainly due to the increase in investment income as a result of dividend distribution of subsidiaries.

As at 31 December 2024, the total assets of CNA amounted to RMB11,320.4 million and equity was RMB-6,145.4 million. CNA realized revenue of RMB1,800.1 million in 2024, representing an increase of RMB400.5 million or 28.6% as compared with last year. The net profit amounted to RMB-721.0 million, representing an increase in loss of RMB125.3 million compared with last year, which was mainly due to the impact of an increase in preparation cost of new operation rigs.

As at 31 December 2024, the total assets of COSL Singapore Limited amounted to RMB18,974.6 million and equity was RMB-4,886.4 million. COSL Singapore Limited realized revenue of RMB3,637.2 million in 2024, representing an increase of RMB951.3 million or 35.4% compared with last year. The net profit amounted to RMB-501.7 million, representing a decrease in loss of RMB452.8 million compared with last year.

China France Bohai has been accounted for as a subsidiary and has been consolidated into the consolidated financial statements by the Group since 1 August 2022 when the Group obtained the control over China France Bohai. As at 31 December 2024, the total assets of China France Bohai amounted to RMB1,595.1 million and equity was RMB576.3 million. In 2024, China France Bohai realized revenue of RMB2,012.9 million, representing an increase of RMB138.8 million compared with last year. The net profit amounted to RMB501.7 million, representing an increase of RMB14.1 million compared with last year.

Hainan Company was incorporated by the Group on 6 December 2019 and the construction at the site has been completed and the business has been improved gradually at present. As at 31 December 2024, the total assets of Hainan Company amounted to RMB3,995.8 million and equity was RMB3,211.0 million. Hainan Company realized revenue of RMB3,491.8 million in 2024, representing an increase of RMB339.3 million compared with last year. The net profit amounted to RMB237.9 million, representing an increase of RMB62.0 million compared with last year.

FINANCIAL REVIEW

1. ANALYSIS ON CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1.1 Revenue

For the year 2024, revenue of the Group amounted to RMB48,218.1 million, representing an increase of RMB4,175.9 million or 9.5% as compared with last year. The detailed analysis is set out below:

Unit: RMB million

Business segments	2024	2023	Change	Percentage change
Drilling services	13,182.3	12,051.2	1,131.1	9.4%
Well services	27,610.3	25,717.5	1,892.8	7.4%
Marine support services	4,760.9	3,938.8	822.1	20.9%
Geophysical acquisition and surveying services	2,664.6	2,334.7	329.9	14.1%
Total	48,218.1	44,042.2	4,175.9	9.5%

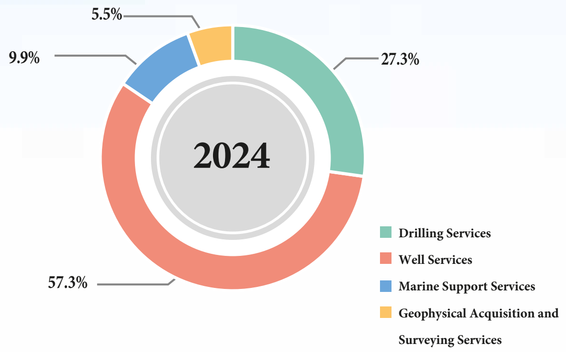
- Revenue generated from drilling services increased by 9.4% as compared with last year. The Company continued to consolidate the revenue base in China, tapped into the potential of domestic customers, seized opportunities in overseas markets and effectively unleashed the production capacity of drilling rigs. During the year, the overseas daily-rate of drilling rigs increased, the utilisation rate of overseas rigs basically maintained stable and the revenue for the year increased as compared with last year.

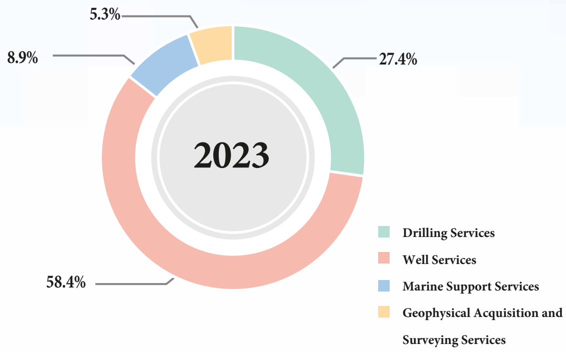
- Revenue from well services increased by 7.4% as compared with last year. The Company leveraged its own technological advantages to seek market growth, made good efforts on the forward-looking layout of domestic and overseas markets, promoted the construction of an original technology resource pool, expanded product exports and enhanced the global influence of technology brands, achieving an increase of operation volume of main business lines and a steady increase in revenue.

- Revenue from marine support services increased by 20.9% as compared with last year, which was primarily due to the fact that the Company effectively integrated vessel resources, further expanded the number of vessels under operation and management, optimized its layout in the vessel market and tailored vessel allocation plans based on customer needs, and successfully developed high-end vessel customers, resulting in an increase in operation volume of self-owned vessels and chartered vessels during the year.

- Revenue of geophysical acquisition and surveying services increased by 14.1% as compared with last year, which was mainly due to an increase in operation volume of 3D acquisition as a result of obtaining a number of new overseas operation orders during the year.

Revenue analysis – by business segments



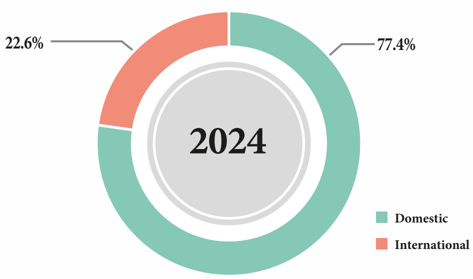


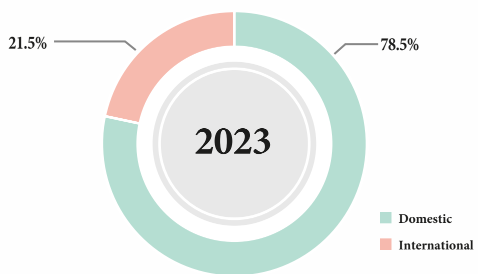
Analysis by operation area

Unit: RMB million

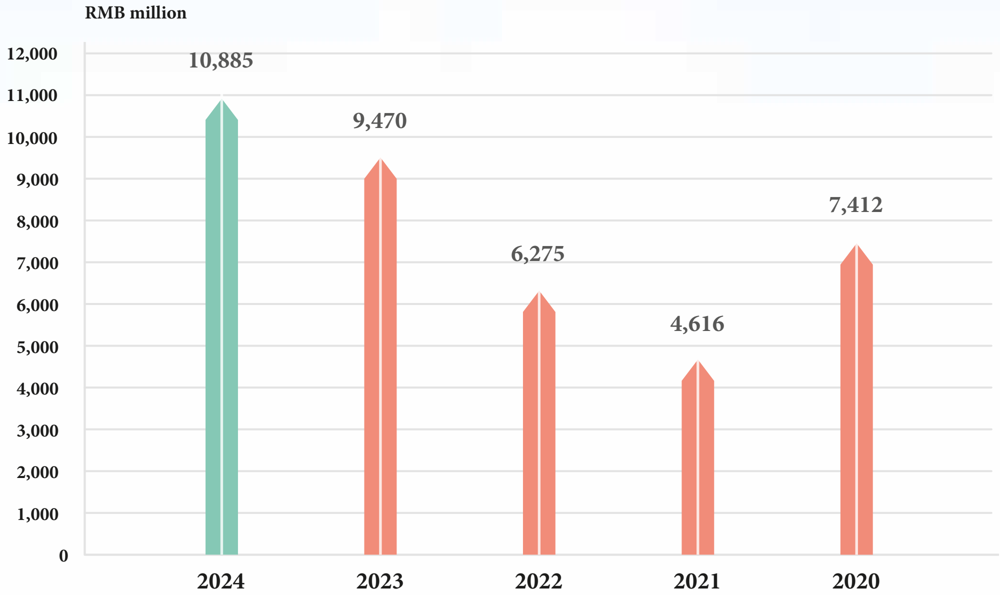
Region	2024	2023	Change	Percentage change
Domestic	37,333.5	34,571.9	2,761.6	8.0%
International	10,884.6	9,470.3	1,414.3	14.9%
Total	48,218.1	44,042.2	4,175.9	9.5%

In terms of operation area, the Group's main source of revenue was from the domestic market, accounting for 77.4% of the Group's total revenue. In 2024, the Group's international business recorded revenue of RMB10,884.6 million (compared with RMB9,470.3 million over last year), accounting for 22.6% of the Group's revenue for the year.





THE LATEST FIVE YEARS' INTERNATIONAL REVENUE



1.2 Operating expenses

For the year 2024, operating expenses of the Group amounted to RMB43,497.6 million, representing an increase of RMB4,000.9 million or 10.1% as compared with RMB39,496.7 million of last year.

The table below shows the comparison of the breakdown of the Group's operating expenses in 2024 and 2023:

Unit: RMB million

	2024	2023	**Change**	**Percentage change**
Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library	**5,789.4**	5,195.3	**594.1**	**11.4%**
Depreciation of right-of-use assets	**545.3**	415.3	**130.0**	**31.3%**
Employee compensation costs	**8,391.9**	8,202.0	**189.9**	**2.3%**
Repair and maintenance costs	**863.0**	601.6	**261.4**	**43.5%**
Consumption of supplies, materials, fuel, services and others	**11,017.6**	10,101.8	**915.8**	**9.1%**
Subcontracting expenses	**12,970.5**	11,420.8	**1,549.7**	**13.6%**
Lease expenses	**2,117.4**	2,147.5	**(30.1)**	**(1.4%)**
Other operating expenses	**1,808.6**	1,355.8	**452.8**	**33.4%**
Impairment loss under expected credit losses model, net of reversal	**(6.1)**	56.6	**(62.7)**	**(110.8%)**
Total operating expenses	**43,497.6**	39,496.7	**4,000.9**	**10.1%**

Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library for the year increased by RMB594.1 million or 11.4% as compared with last year, primarily due to the impact of amortisation of mobilisation costs.

Depreciation of right-of-use assets for the year increased by RMB130.0 million or 31.3% as compared with last year, mainly due to an increase in the original value of right-of-use assets as a result of the new lease contracts for the year, leading to a year-on-year increase in depreciation cost.

Employee compensation costs for the year increased by RMB189.9 million or 2.3% as compared with last year.

Repair and maintenance costs for the year increased by RMB261.4 million or 43.5% as compared with last year, primarily due to the impact of a year-on-year increase in amortisation of mobilisation costs and repair arrangements during the year.

Consumption of supplies, materials, fuel, services and others for the year increased by RMB915.8 million or 9.1% as compared with last year.

Subcontracting expenses for the year increased by RMB1,549.7 million or 13.6% as compared with last year, mainly due to the centralized management of vessels, resulting in the increase in subcontracting expenses.

Lease expenses for the year was RMB2,117.4 million, representing a decrease of RMB30.1 million as compared with last year.

Impairment loss of credit for the year decreased by RMB62.7 million as compared with last year, mainly due to the reversal of impairment losses under expected credit loss model for the year.

Other operating expenses in 2024 amounted to RMB1,808.6 million, which mainly included nearly 30 cost items, such as travel expenses, business trip expenses, office expenses, expenses for library materials, health, safety and environmental protection expenses, weather guarantee fees, consulting fees, audit fees and so on, representing an increase of RMB452.8 million as compared with last year, mainly due to the recognition of non-operating expenses in respect of overdue fines and provisions, for the tax matters of a subsidiary in Mexico, with total amount of approximately RMB250.0 million and increase or decrease in other items. Among which, health, safety and environmental protection expenses amounted to RMB504.5 million, representing an increase of RMB6.5 million as compared with last year; transfer fees for technology amounted to RMB289.4 million, representing an increase of RMB66.0 million as compared with last year; travel expenses amounted to RMB255.0 million, consulting fees amounted to RMB82.4 million, business trip expenses amounted to RMB72.4 million, and office expenses, collective expenses, audit fees and other fees amounted to RMB354.9 million in total.

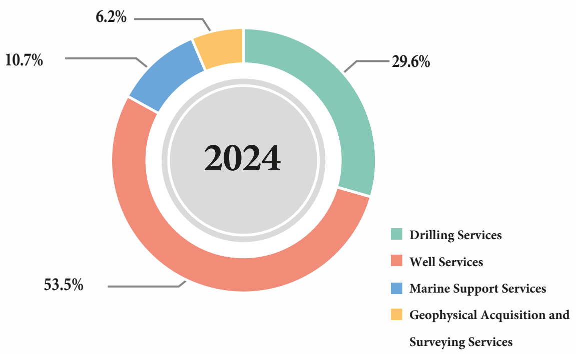
Other operating expenses in 2023 amounted to RMB1,355.8 million, which mainly included nearly 30 cost items, such as travel expenses, business trip expenses, office expenses, expenses for library materials, health, safety and environmental protection expenses, weather guarantee fees, consulting fees, audit fees and so on. Among which, health, safety and environmental protection expenses amounted to RMB498.0 million; travel expenses amounted to RMB263.8 million; transfer fees for technology amounted to RMB223.4 million; business trip expenses amounted to RMB73.8 million; consulting fees amounted to RMB63.5 million; collective expenses, office expenses, audit fees and other fees amounted to RMB233.3 million in total.

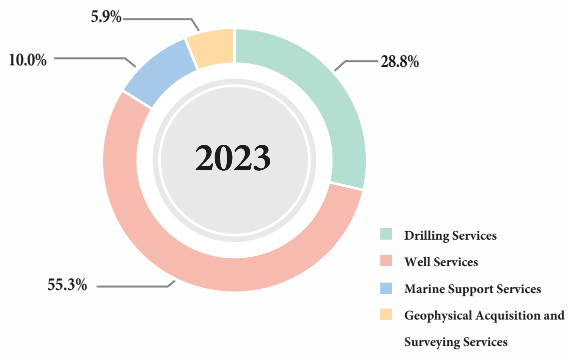
The operating expenses for each segment are shown in the table below:

Unit: RMB million

Business segments	2024	2023	Change	Percentage change
Drilling services	12,873.8	11,387.8	1,486.0	13.0%
Well services	23,254.6	21,851.0	1,403.6	6.4%
Marine support services	4,673.4	3,928.1	745.3	19.0%
Geophysical acquisition and surveying services	2,695.8	2,329.8	366.0	15.7%
Total	43,497.6	39,496.7	4,000.9	10.1%

Analysis of operating expenses – by business segments





1.3 Profit from operations

For the year 2024, the Group's profit from operations amounted to RMB5,047.6 million, representing an increase of RMB192.4 million or 4.0% as compared with RMB4,855.2 million of last year.

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

Unit: RMB million

Business segments	2024	2023	Change	Percentage change
Drilling services	373.1	739.7	(366.6)	(49.6%)
Well services	4,492.2	4,052.0	440.2	10.9%
Marine support services	107.2	38.0	69.2	182.1%
Geophysical acquisition and surveying services	75.1	25.5	49.6	194.5%
Total	5,047.6	4,855.2	192.4	4.0%

1.4 Financial expenses, net

Unit: RMB million

	2024	2023	Change	Percentage change
Exchange gains or losses, net	(42.5)	37.1	(79.6)	(214.6%)
Finance costs	785.1	996.8	(211.7)	(21.2%)
Interest income	(118.4)	(181.1)	62.7	(34.6%)
Financial expenses, net	624.2	852.8	(228.6)	(26.8%)

During the year, the Group repaid interest-bearing borrowings of approximately RMB4.1 billion, accounting for 20% of interest-bearing borrowings as at the beginning of the year. The finance costs decreased by RMB211.7 million as compared with last year.

1.5 Gains arising from financial assets at fair value through profit or loss

The Group's gains arising from financial assets at fair value through profit or loss in 2024 was RMB43.1 million, representing a decrease of RMB28.0 million as compared with RMB71.1 million of last year, mainly due to the reduction of principal of investment in wealth management during the year, resulting in a year-on-year decrease in revenue.

1.6 Profit before tax

The profit before tax of the Group was RMB4,667.3 million in 2024, representing an increase of RMB424.4 million as compared with RMB4,242.9 million of last year.

1.7 Income tax expense

The income tax expense of the Group in 2024 was RMB1,268.2 million, representing an increase of RMB308.0 million as compared with RMB960.2 million of last year, mainly due to the increase in profit and the reversal of deferred tax recognised in respect of recoverable tax losses of overseas subsidiary during the year.

1.8 Profit for the year

For the year 2024, profit of the Group was RMB3,399.1 million, representing an increase of RMB116.5 million as compared with RMB3,282.6 million of last year.

1.9 Basic earnings per share

For the year 2024, the Group's basic earnings per share were approximately RMB65.74 cents, as compared with approximately RMB63.15 cents of last year.

1.10 Dividend

The Board of Directors of the Company recommended a final dividend of RMB0.2306 per share (tax inclusive) for the year 2024, totaling approximately RMB1,100.3 million. The final dividend will be paid on or before 30 June 2025 upon approval at the 2024 annual general meeting of shareholders.

In accordance with the Enterprise Income Tax Law of the People's Republic of China, the implementation regulations and related tax regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H share of the Company when distributing dividends to them. For H shares of the Company registered other than in the name(s) of individual(s), including HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups, shall be deemed to be shares held by non-resident enterprise shareholder(s). On the basis, enterprise income tax shall be withheld from dividends payable to such shareholder(s). If relevant shareholders believe that the dividend income obtained needs to enjoy any tax treaty (arrangement) treatment, they can apply to the competent tax authority on their own after receiving the dividend in accordance with the regulations.

2. ANALYSIS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024, the total assets of the Group amounted to RMB82,947.7 million, representing a decrease of RMB298.1 million or 0.4% as compared with RMB83,245.8 million as at the end of 2023. The total liabilities amounted to RMB38,523.1 million, representing a decrease of RMB2,466.6 million or 6.0% as compared with RMB40,989.7 million as at the end of 2023. Total equity amounted to RMB44,424.5 million, representing an increase of RMB2,168.4 million or 5.1% as compared with RMB42,256.1 million as at the end of 2023.

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

Unit: RMB million

Items		2024	2023	Change	Percentage change	Reasons
Assets						
1	Other intangible assets	210.9	155.7	55.2	35.5%	Mainly due to the transfer of software development to other intangible assets as a result of satisfaction of conditions to include in assets.
2	Multiclient library	72.1	131.8	(59.7)	(45.3%)	Mainly due to the fact that there were no new multiclient library assets during the year, leading to a gradual decline in line with the residual value of amortisation.
3	Contract costs (non-current assets)	630.1	919.2	(289.1)	(31.5%)	Mainly due to the decrease in rig mobilisation costs due to the amortisation.
4	Other non-current assets	238.2	415.9	(177.7)	(42.7%)	Mainly due to the decrease in prepayment for purchase of rigs, which was made last year, as a result of the inclusion of rigs into assets during the year.
5	Deferred tax assets	28.5	59.1	(30.6)	(51.8%)	Mainly due to the decrease in deferred tax assets recognised in respect of recoverable tax losses of overseas subsidiary.
6	Prepayments, deposits and other receivables	285.8	202.8	83.0	40.9%	Mainly due to the increase in prepayment for purchase of equipment.
7	Notes receivable	51.0	115.9	(64.9)	(56.0%)	Mainly due to the maturity of notes.
8	Receivables at fair value through other comprehensive income	156.4	352.0	(195.6)	(55.6%)	Mainly due to the maturity of notes.
9	Contract assets	70.9	53.7	17.2	32.0%	Mainly due to the entrusted repair of external rigs for which relevant services have been provided but not completed and settled.
10	Contract costs (current assets)	142.2	30.6	111.6	364.7%	Mainly due to the increase in contract performance costs reclassified based on liquidity.
11	Time deposits	542.2	2,226.4	(1,684.2)	(75.6%)	Mainly due to the maturity of certificates of large amount deposit.

Items		2024	2023	Change	Percentage change	Reasons
Liabilities						
1	Notes payable	–	7.3	(7.3)	(100.0%)	Mainly due to the acceptance of notes at maturity.
2	Interest-bearing bank borrowings (current liabilities)	18.3	2,965.5	(2,947.2)	(99.4%)	Mainly due to the repayment of bank loans due within one year.
3	Long-term bonds (current liabilities)	7,327.3	140.7	7,186.6	5,107.7%	Mainly due to the reclassification of bonds due within one year.
4	Lease liabilities (current liabilities)	468.1	305.0	163.1	53.5%	Reclassify based on liquidity into lease liabilities due within one year.
5	Long-term bonds (non-current liabilities)	5,142.6	12,182.8	(7,040.2)	(57.8%)	Mainly due to the reclassification of bonds due within one year.
6	Contract liabilities (non-current liabilities)	669.8	1,292.8	(623.0)	(48.2%)	Mainly due to the amortisation of rig mobilization revenue.
7	Other non-current liabilities	165.7	11.4	154.3	1,353.5%	Mainly due to the provision for the tax matters of a subsidiary in Mexico during the year.
8	Loans from related parties (non-current liabilities)	1,529.4	2,649.0	(1,119.6)	(42.3%)	Mainly due to the repayment of loans from related parties during the year.
9	Employee benefit liabilities	23.9	15.4	8.5	55.2%	Mainly due to the accrual of employee benefit liabilities by overseas subsidiaries in accordance with local policies.

3. ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

At the beginning of 2024, the Group held cash and cash equivalents of RMB5,977.5 million. During the year, the net cash inflows from operating activities amounted to RMB10,984.7 million; the net cash outflows from investing activities amounted to RMB5,044.8 million; the net cash outflows from financing activities amounted to RMB6,464.6 million and the impact of foreign exchange rate fluctuations resulted in a decrease of cash of RMB29.0 million. As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB5,423.8 million.

3.1 Cash flows from operating activities

As at 31 December 2024, the net cash inflows from operating activities of the Group amounted to RMB10,984.7 million, representing a decrease of 16.1% as compared with last year, mainly due to the fact that the Company applied the Announcement on Increasing Pre-Tax Deduction to Support Innovation in Science and Technology by the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology (the Announcement No. 28 of 2022 of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology) in 2022, unutilized tax losses arising from income tax preference in 2022 has been utilized in full in 2023, and there was no such impact during the year, leading to the increase in cash outflows from income tax paid during the year.

3.2 Cash flows from investing activities

As at 31 December 2024, the net cash outflows from investing activities of the Group amounted to RMB5,044.8 million, representing a decrease of outflows of RMB2,412.4 million as compared with last year, which was mainly due to the increase of RMB2,031.8 million in cash received from the disposal of or matured investments in floating rate corporate wealth management products and monetary funds, the decrease of RMB3,287.4 million in cash paid for purchase of property, plant and equipment and other intangible assets, and the increase of RMB2,990.0 million in cash paid for purchase of floating rate corporate wealth management products, monetary funds, debt instruments and time deposits.

3.3 Cash flows from financing activities

As at 31 December 2024, the net cash outflows from financing activities of the Group amounted to RMB6,464.6 million, representing an increase of outflows of RMB3,180.8 million as compared with last year, which was mainly due to the fact that cash received from new bank loans and loans from related parties during the year decreased by RMB3,494.0 million as compared with last year, cash paid for repayment of bank loans and loans from related parties increased by RMB418.0 million as compared with last year, and cash paid for repayment of long-term bonds decreased by RMB728.6 million.

3.4 The effect of foreign exchange rate fluctuations on cash during the year was a decrease of cash of RMB29.0 million.

3.5 The Group provides operation capital mainly through cash from operating activities, investment activities and financing activities and interest-bearing borrowings. For details of the Group's borrowings for the year ended 31 December 2024, please refer to Note 35 and 36 to the consolidated financial statements of this annual report.

4. CAPITAL EXPENDITURE

In 2024, the capital expenditure of the Group amounted to RMB7,320.4 million, representing a decrease of RMB2,425.6 million or 24.9% as compared with last year.

The capital expenditure of each business segment is as follows:

Unit: RMB million

Business segments	2024	2023	Change	Percentage change
Drilling services	3,923.5	6,167.0	(2,243.5)	(36.4%)
Well services	2,624.7	2,781.6	(156.9)	(5.6%)
Marine support services	285.3	311.9	(26.6)	(8.5%)
Geophysical acquisition and surveying services	486.9	485.5	1.4	0.3%
Total	7,320.4	9,746.0	(2,425.6)	(24.9%)

The capital expenditure of drilling service business is mainly used for the purchase of drilling rigs (5 drilling rigs purchased last year and 2 drilling rigs purchased during the year), the transformation and renovation of equipment and the special inspection of drilling rigs. The capital expenditure of well services business is mainly used for the construction and purchase of well technology services equipment relating to such business. The capital expenditure of marine support services business is mainly used for the transformation and renovation of vessels. The capital expenditure of geophysical acquisition and surveying services business is mainly used for the transformation and renovation of operation vessels and equipment.

BUSINESS PLAN

In 2024, the capital expenditure of the Company amounted to RMB7.32 billion, representing 98.4% of the annual budget for the year, and the overall target had been basically achieved. The World Economic Outlook report issued by the International Monetary Fund (IMF) in January 2025 predicted that the world economic growth rate would be 3.3% in 2025. In terms of oil supply and demand, emerging markets and developed economies experienced growth division, the transition to green and low-carbon energy accelerated, the growth of the global oil demand further slowed down, and the uncertainty about the trend of international oil price increased. The global oilfield services market size continued to show a recovery trend. According to the report issued by Spears & Associates, a consulting company, all segments of the global oilfield services market will show a growing trend in 2025.

In 2025, it is estimated that the Company's capital expenditure will be approximately RMB7.2 billion, which will be mainly used for equipment investment and upgrades, technical equipment renewal, investment in technology research and development, and infrastructure development. The Company's internal capital liquidity will be stable and the external financing channels will be sufficient, which can ensure the safety of cash flow.

The Company will continue to implement the five development strategies, continuously enhance the strength of equipment, constantly promote scientific and technological innovation, and build the integrated service capability for the oilfield full life-cycle oriented to customer needs. The Company will adhere to green and low-carbon development, promote industrial transformation and upgrading, and gradually move towards becoming a world-class energy service company with Chinese characteristics, so as to achieve multi-party win-win and value maximization with customers, employees, business partners and shareholders.

2025 BUSINESS OUTLOOK

According to the International Monetary Fund (IMF), it is anticipated that the growth of global economy will be approximately 3.3% in 2025. The slowdown of global economic recovery will present challenges to the oil market, imposing downward pressure on the international oil price under mildly accommodative supply and demand landscape in general. The global natural gas market will still show a strong momentum, and the international gas price will keep fluctuating at a high level. With the completion of election in several countries around the world and the carbon emission debate of COP29, the energy transition enters a critical year when the international oil companies still spare no efforts to seek a balance between energy supply and energy transition. As anticipated by Rystad Energy, an energy consulting agency, in 2025, the growth of upstream investment will slow down, the deep water oilfield exploration will still be an investment hot spot, and the deep water investment will grow by approximately 3.0%. Due to the slowdown of the growth of upstream investment in the global oil industry, the global oilfield services market size recorded a slight increase. According to the study report issued by Spears & Associates, the market size of the global oilfield services industry is anticipated to increase by 2.2% year-on-year in 2025.

Corporate Governance Report

As a domestic and overseas listed company, the Company has reviewed the compliance with the Corporate Governance Code (hereinafter referred to as the "Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (hereinafter referred to as the "Listing Rules") and the regulatory documents on listed companies governance issued by China Securities Regulatory Commission. Upon the review, the Board is of the view that the corporate governance of the Company has generally met the requirements set out in the Code and the regulations during the reporting period. During the 12 months ended 31 December 2024, the Company has complied with the principles and code provisions as set out in the Code in Appendix C1 of the Listing Rules, and also explained the implementation of Code provision C.2.1 under Part 2 of the Code.

The Board is of the view that the improvement in corporate governance in 2024 was mainly reflected in the following aspects:

1. Continued to thoroughly promote the Company's development strategy and focused on the development of new quality productive forces. The Company strengthened strategic management and strategic review, and ensured the effective implementation of various tasks through assignment of the strategic tasks in details, analysed and researched the development situation of the industry and paid attention to the development and research of strategic emerging industries, dynamically updated the strategic layout of overseas markets and promoted the sound development of potential regional markets with the expansion of core regional markets. For overseas development, the Company made efforts in risk prediction, actively optimized customer structure and avoided risks by adjusting business layout and asset structure.

2. Enhanced the management and control of cash flow, financial assistance and other matters, adopted active and effective short-term financing plan to optimize debt structure and avoided financial risks. The Company strengthened the risk monitoring of overseas operation area, dynamically adjusted the risk assessment and risk prevention for the overseas business expansion, focused on the serialized and commercial application of technical products, and widely arranged the construction of key disciplines and the application of key and difficult technologies to help enhance its scientific and technological research and development capabilities. The Company accelerated its digital construction, and focused on information security. The Company paid attention to its ESG governance structure and the analysis of key indicators, strengthened horizontal comparisons with outstanding peer companies and proactive learning, and enhanced its ESG governance level and practical capability.

3. Strengthened the construction of corporate governance system and internal control system, and reasonably divided the management scope and boundaries of all participants in corporate governance, and improved the dynamic corporate governance system with the Articles of Association as the core and the "basic systems, management methods and operating rules" as the levels. The Company strengthened the construction of internal control system and amended internal control documents such as the Articles of Association, Independent Director System and the Terms of Reference for the Audit Committee of the Board to improve the efficiency of corporate governance. The Company further improved the "system + list" management model for authorization, promoted the management to perform their duties and fulfill their responsibilities within the scope of authorization, enhanced the review and evaluation of decision-making and implementation of the authorized matters, dynamically optimized and adjusted the authorization list and improved the rationality and controllability of the authorization mechanism of the Board.

4. Continuously improved information disclosure and investor relationship, attached importance to the shareholders communication, and further enhanced the management and registration of inside information. The Company attached great importance to information disclosure, strictly abided by the requirements of information disclosure laws and regulations, and published regular reports and temporary announcements in accordance with the law. According to the industry environment and actual operation situation, the Company made risk alerts to investors in a timely

manner, expressing the sincerity to be accountable to investors and the idea of offering maximum protection to small and medium investors. In combination with its production and operation, the Company proactively disclosed voluntary announcements on operation of drilling rigs and their updates to deliver the business update of the Company, and protected the legitimate rights and interests of investors and shareholders. During the reporting period, the Company carried out insider management and registration in accordance with regulatory requirements and the Company rules. During the reporting period, there was no evidence of insiders using inside information to buy or sell the Company's shares.

The Company adhered to the philosophy of sustainable development, constantly promoted the modernization of the corporate governance system and governance capacity, and accelerated the cultivation of new quality productive forces, and the sound corporate governance efficiency and high-quality development of the Company were highly recognised by the capital market. In 2024, the Company won the following awards in the capital market: the Company won the award of the "Best Board of Directors for Listed Companies" at the 13th China Listed Companies Summit and its annual results presentation was awarded the "Excellent Practice Case" by China Association for Public Companies; the Company won the award of the 15th "Tianma Award for Investor Relations of China Listed Companies"; the Company won the "Best ESG Practice Award" at the annual award of 2024 Hong Kong International ESG Ranking, and the "Responsible Top Bull Awards" and "ESG Governance Vanguard Award" at the 7th ESG China • Beijing Responsibility Exhibition; the Company won the "2024 ESG Special Driving Force Award" at the 3rd International Green Zero-Carbon Festival and 2024 ESG Summit; the Company was successfully listed among the 100 ESG Pioneers of Listed Companies in China and was included in the Central Enterprises ESG • Vanguard 100 Index of Listed Companies; the Company was included in the constituent of Hang Seng (China A) Corporate Sustainability Benchmark Index for thirteen consecutive years and the constituent of Hang Seng (China A) Corporate Sustainability Index and Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index.

(I) DIRECTOR'S INVOLVEMENT IN SECURITIES TRANSACTIONS

Following specific enquiries with all directors, the Directors confirmed that during the 12 months ended 31 December 2024, the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules were observed. The Company currently has adopted a code of conduct for securities transactions by Directors that is stricter than the provisions set out in the Model Code. In addition, Directors, Supervisors and Senior Management of the Company confirmed that during the 12 months ended 31 December 2024, they complied with the "Management Rules with regard to the Holding of and Changes in the Company's Shares by Directors, Supervisors and Senior Management of Listed Companies" issued by the China Security Regulatory Commission.

(II) PERFORMANCE OF THE BOARD OF DIRECTORS

1. Composition of the Board of Directors

The composition of the Board of Directors during 2024 and as at the date of this report is as follows:

Chairman:	Zhao Shunqiang
Executive Directors:	Zhao Shunqiang Lu Tao Xiao Jia (appointed at the 2024 Second EGM)
Independent Non-executive Directors:	Chiu Lai Kuen, Susanna (re-appointed at the 2023 AGM) Kwok Lam Kwong, Larry Yao Xin
Non-executive Directors:	Fan Baitao Liu Qiudong

During the reporting period, Mr. Xiong Min resigned as the Executive Director of the Company on 3 December 2024.

2. The Roles of the Board of Directors and the Management

The Articles of Association of the Company clearly define the duties and functions of the Board of Directors and the Management, which provides for an adequate balance and check mechanism to ensure good corporate governance and internal control.

The Board is responsible for deciding the Company's business and investment plans, determining the establishment of internal management departments of the Company, establishing the basic management system of the Company, resolving major business and administrative issues of the Company, exercising powers and duties within the scope of authorization of the general meeting and supervising the management. The management is responsible for implementing various proposals made by the Board and organizing daily operation and management of the Company. For details, please refer to the Articles of Association of the Company on the Company's website.

Besides, the Company has a specified system to divide responsibilities between the Board and the Management towards making investment decisions: all equity investment shall be approved by the Board (approval from shareholders is required if such investment exceeds a certain amount); large-scale equipment projects with an investment amount of more than RMB500 million (inclusive), base construction (production) projects with an investment amount of more than RMB300 million (inclusive) and base construction (production facilities) projects with an investment amount of more than RMB100 million (inclusive) may be approved by the Board.

3. Board Meetings

The Board of Directors convened six meetings during the year. Please see Table I of this Report for details of Board meeting attendance and general meeting attendance of Directors. For other items not within the scope of the regular Board meeting's agenda and require approval from the Board, the Chairman may serve to the members of the Board the proposed resolutions in written form in accordance with the related requirements of the Articles of Association, and the items will become valid resolutions upon signing by the directors which meets the quorum as stated in the Articles of Association. To create more opportunities for the Independent Non-executive Directors to express their views and make recommendation in respect of the Company's affairs, the Chairman hold several meetings with Independent Non-executive Directors in the absence of Executive Directors every year so as to listen to the advice of Independent Directors in respect of the corporate governance and management (this practice has adopted the Code provision C.2.7 under Part 2 of the Code). In 2024, one meeting was held in such regard. The Board is of the view that meeting proceedings and resolutions of the Board complied with requirements of laws, regulations and the Articles of Association, which ensured prudent discussion by Directors before making decisions on material items, and performance of integrity and due diligence and act in the interests of the Company and shareholders as a whole by Directors in the related decision-making process. Please see Table II for detailed resolutions adopted by the Board in 2024.

4. Performance of Independent Directors

The Board currently has three Independent Directors. All of them have rich professional experience in the fields of accounting, law and energy field, and are very familiar with the operation of board of directors and duties of independent directors of listed companies. During the reporting period, the Independent Directors effectively performed their due diligent and attentive responsibilities as directors, and provided various professional advice to the Company, especially in the review of financial reports, the review of connected transactions, the internal audit, the risk management and ESG governance, among which, please see section VII of this report for details of related reviews of financial reports, the review of connected transactions, internal audit, risk management and ESG governance, as well as sections V and VI of this report for other relevant work. In 2024, the Independent Directors reviewed the Company's continuing connected transactions, re-appointment of the auditor, report on the continuous risk assessment of connected persons and other matters. Please see the section headed "Summary of General Meetings" of this annual report for the details of the Independent Directors' attendance of the general meetings during the reporting period. Please see Table I of this report for details of Board meetings and special committee meetings attendance of Independent Directors.

During the reporting period, Independent Directors did not have any objection to resolutions of the Board or any other items for the year (other than resolutions of the Board) of the Company.

5. Policy on Diversification of Directors and Employee Composition

The Board of Directors held discussion with regards to the diversification policy of Board composition, and considered it could play a positive role for the Company in recruiting different types of talents, improving corporate governance level and achieving sustainable development to the largest extent. The Board considered that the Company should have different perspectives at the time of selecting Directors (measurable objectives include but not limited to factors of educational background, professional experience, age, gender, location and race, etc.), so as to achieve and maintain a policy of diversification among the directors. The Board will endeavour to implement and promote the policy on diversification of Directors. Each year, the Nomination Committee of the Company was responsible for monitoring the implementation of this policy and making recommendations to the Board on assessing the implementation process at an appropriate time. The Company carried out the nomination and election of Directors in 2024 (Ms. Chiu Lai Kuen, Susanna was re-appointed as an Independent Non-executive Director and Mr. Xiao Jia was appointed as an Executive Director), and the Nomination Committee considered that when the Company handled the Director nomination process, the policy on diversification of Directors was adequately considered. As at 31 December 2024, the Board comprised eight Directors, among whom one is female director. The female Director accounted for 12.5% of the members of the Board, and the female Director acted as the Chairman of the Audit Committee, therefore, the Board achieved gender diversification. The Board will make reference to the shareholders' expectation, the need of the Company's development and the best practice of corporate governance, and proactively explore the feasibility of increasing the proportion of the female Director to realize proper balance of gender diversification, so as to achieve the broader diversity goal.

The Company has also taken, and will continue to take, steps to promote the employee diversity. All employees are entitled to equal opportunities for employment, training and career development without discrimination. During the year, the proportion of the female employees was 8.0%. In order to facilitate the diversity of composition of the Company's management and employees, the Company will take into full consideration of multiple factors such as gender, age, educational background, professional experience, region, and race when recruiting employees.

6. Internal Control and Risk Management

The Company has established and continuously improved the risk management and internal control systems to prevent the risks that the Company may face. The Company has established the Board and its affiliated Audit Committee, and established the Committee on Rule of Law Construction, Internal Control Compliance and Risk Management, and the Chairman and Chief Executive Officer of the Company served as the chairman. The committee sets the rule of law construction and compliance management office and risk management office. The Company developed corresponding rule of law construction, internal control compliance and risk management organizations at all direct subordinate units, and the general manager of direct subordinate units shall serve as the officer in charge, so as to guarantee the effective operation of the internal control and risk management. The risk management office organized all functional departments to hold a risk evaluation meeting on a quarterly basis, and monitored and reviewed the information security risk (including content of fraud, etc.) and ESG-related risks (quality, health, safety and environmental protection risk, etc.) on a regular basis. The Board is responsible for the risk management and internal control systems and reviewing their effectiveness, and conducts a review on risk management and internal control systems every year. The review covers all material aspects of controls, including financial, operational and compliance controls. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provide reasonable and not absolute assurance against material mistakes or loss.

For more details of ESG-related risks, please refer to the section headed "ESG Governance" as set out in the "2024 Environmental, Social and Governance (ESG) Report" published by the Company on the website of the Hong Kong Stock Exchange.

In terms of internal control, the Company has established 14 internal control systems covering the headquarter of the Company and domestic and overseas units at all levels in line with the "Basic Norms for Internal Controls of Enterprises" and "Guidelines for Enterprise Internal Control Support" issued by the government, and the requirements for listing supervision. The Company continued to carry out the full life-cycle management of the internal control system of "planning, establishment, modification, abolition, interpretation and evaluation" to ensure that the internal control system is scientific, adaptable and compliant. The Company has checked and evaluated the effectiveness of the design and operation of internal control through daily internal control inspections and annual internal control evaluations. The Board of the Company convenes the Board meeting at the beginning of each year to assess the effectiveness of the internal control evaluation for the previous year. The Company's internal control system was sound and its implementation was effective, and no significant and material deficiencies in the design or implementation of the Company's internal control were found.

In terms of risk management, the Company established a comprehensive risk management organization system, formulated and appropriately improved comprehensive risk management systems including the Comprehensive Risk Management Measures and the Management of Reports and Response on Major Business Risk Events. The Company established a systematic and comprehensive risk management organization and built a risk management network from horizontal to edge and vertical to the end. The Company organizes annual risk identification and assessment and reports the annual risk control to the Board. It conducts quarterly comprehensive risk identification and assessment and submits the Quarterly Comprehensive Risk Management Report to the Board. The Company actively carries out special investigation and control of major risks, continuously strengthens risk identification and early warning capabilities; holds risk work meetings and exchanges and trainings through various channels and forms to publicize the risk management culture and enhance the risk prevention awareness; establishes and improves comprehensive risk emergency management mechanism, continuously improves emergency disposal capabilities and continuously strengthens the coordinated risk management to improve our ability and level of prevention and resolution of major risks.

With the support of the Audit Committee and the Committee on Rule of Law Construction, Internal Control Compliance and Risk Management and based on the results of the daily internal evaluation, the Board is of the view that the current internal control and risk management are effective, and will constantly monitor the risk management and internal control system, including financial, operational and compliance controls. The Board has not noticed any material issues such as the significant weaknesses in systems that should bring to its attention through reviewing the risk management and internal control system annually. During the year, there were no major revisions or changes to the current internal control and risk management of the Company, and the effectiveness of systems were confirmed by senior management. The Board will continue to check its effectiveness and make amendments or improvements as appropriate.

7. Directors and General Meetings

Particulars of General Meetings convened by the Board and the particulars of the participation of Directors during the reporting period were set out in the section headed "Summary of General Meetings" of this annual report. In the opinion of the Board, the Company complied with all requirements of resolutions of the general meetings during the reporting period. The Board reviewed the implementation of the resolutions passed at the general meetings by the Company, and considered there was no problem occurred in the implementations of the resolutions of general meeting.

8. Procedure Mechanism of the Board

All Directors have comprehensively and timely access to relevant information as well as the advice and services of the Company Secretary, with a view to ensuring compliance with Board procedures and all applicable laws and regulations and availability of independent views and opinions. The Board has established a number of committees, including the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All committees under the Board were established with defined written terms of reference. The committees under the Board are provided with sufficient resources to perform their duties. Upon reasonable requests, the committees under the Board may seek independent professional advice in appropriate circumstances at the expense of the Company.

During the reporting period, the Board is of view that such Procedure Mechanism was implemented effectively.

9. Other Matters

During the reporting period, the number and qualifications of Independent Non-executive Directors of the Company were in compliance with Rule 3.10(1) and (2) and Rule 3.10A of the Listing Rules and the independence of the current Independent Non-executive Directors of the Company is in compliance with the requirements set out in Rule 3.13 of the Listing Rules. Apart from working relationship, there is no material relationship between the Directors, Supervisors and Senior Management of the Company in relation to financial, business, family or other aspects.

The Board is responsible for the corporate governance functions of the Company, and regularly reviews the corporate governance practices to ensure that the Board fully performs the corporate governance responsibilities contained in the Code provision A.2.1 under Part 2 of the Code.

(III) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer of the Company are currently held by Mr. Zhao Shunqiang alone. This is different from the Code provision C.2.1 under Part 2 of the Code which states that the roles of chairman and chief executive officer should be different and should not be performed by the same person at the same time. However, the Board believes that, the roles of chairman and chief executive officer being assumed by the same person can help to meet the Company's production and operation needs in current phase, and guarantee the effective formulation and vigorous promotion of the Company's strategies. At the same time, all major decisions of the Company are discussed by the Board, the special Board Committees and Senior Management, and other members of the Board or the Independent Non-executive Directors shall also play a role in balancing and supervising the above major decisions. In addition, the internal control structure of the Company plays a supervisory and review role in the decision-making and implementation of major decisions and the Independent Non-executive Directors shall also express objective, fair and independent opinions on the matters discussed by the Company. The Board believes that the current structure does not reduce the balances of power and authorization, and allows the Company to make decisions and implementations in a timely and effective manner.

(IV) TERMS OF OFFICE OF NON-EXECUTIVE DIRECTORS

The term of office of Ms. Chiu Lai Kuen, Susanna is three years since the 2023 AGM. The term of office of Mr. Kwok Lam Kwong, Larry is three years since the 2021 AGM. The term of office of Mr. Yao Xin is three years since the 2022 First EGM. The term of office of Mr. Fan Baitao is three years since the 2023 First EGM. The term of office of Mr. Liu Qiudong is three years since the 2023 First EGM.

(V) DIRECTORS' REMUNERATION

1. The Composition and Functions of the Remuneration and Assessment Committee

(1) The Remuneration and Assessment Committee of the Company consists of four members, all of them are non-executive directors, namely Kwok Lam Kwong, Larry, Chiu Lai Kuen, Susanna, Yao Xin and Liu Qiudong. Three of them are independent non-executive directors. Kwok Lam Kwong, Larry acts as Chairman.

(2) The functions of this committee are to formulate the standard for assessing the performance of Directors, Supervisors and Senior Management and to conduct such assessment, formulate and review the remuneration policy and scheme for Directors, Supervisors and Senior Management. The committee studies and discusses the above matters and makes recommendations to the Board, and the Board reserves the final decision in respect of the above matters (please refer to documents of relevant Terms of Reference under the column of Corporate Governance on the Company's website).

2. The Work of the Remuneration and Assessment Committee during the Year

During the reporting period, the committee held two meetings (please see Table I for meeting summaries), at which the resolution of setting manager performance appraisal indicators for 2024 was considered and approved and resolution of the completion of performance appraisal indicators of managers in 2024 was considered and approved. In addition, the resolution of the 2023 performance appraisal results and annual remuneration standard for managers was considered and approved by way of circulating resolutions.

(VI) NOMINATION OF DIRECTORS

1. The Composition and Functions of the Nomination Committee

(1) To ensure that the members of the Board possess of the professional experience and educational background as required for the business development of the Company and achieve and maintain the diversity of the Directors, the Company established the Nomination Committee which assessed the implementation of policies and provide advices to the Board in due course. The Nomination Committee of the Company consists of three members, namely Yao Xin, Zhao Shunqiang and Kwok Lam Kwong, Larry. Two of them are independent non-executive directors and Yao Xin acts as Chairman.

(2) Major functions of this committee are to select and recommend candidates for directors and senior management of the Company and the standards and procedures for selecting such candidates (please refer to documents of relevant Terms of Reference under the column of Corporate Governance on the Company's website).

2. **The Work of the Nomination Committee during the Year**

During the reporting period, the Nomination Committee held three meetings (please see Table I for meeting summaries) and discussed matters involving the diversity policy of the Directors, the confirmation of the independence of Independent Directors, the nomination of Directors and the nomination for appointment of senior management. In addition, the Nomination Committee considered and approved the resolution of nomination of senior management of the Company by way of circulating resolution.

(VII) THE AUDIT COMMITTEE

1. **The Composition and Functions of the Audit Committee**

(1) The Audit Committee consists of three members, namely Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry and Yao Xin. All of them are independent non-executive directors, and Chiu Lai Kuen, Susanna acts as Chairman.

(2) The functions of the Audit Committee are to supervise and evaluate the work of external auditors; to review and express opinion on the Company's financial information; to review relevant matters of connected transactions; to supervise the Company's financial reporting system and internal control system; to supervise and evaluate the internal control of the Company; to supervise and evaluate the internal audit work; to coordinate the communication between the management, internal audit department, relevant departments and external auditor; to check the Company's compliance with legal and other statutory obligations; to take charge of the engagement or dismissal of external auditors and submit to the Board for consideration; to take charge of the appointment or dismissal of the financial officer and submit to the Board for consideration; and other functions and duties stipulated by laws, regulations and the stock exchange and granted by the Board (please refer to documents of relevant Terms of Reference under the column of Corporate Governance on the Company's website).

2. **The Work of the Audit Committee during the Year**

During the reporting period, the Audit Committee held four meetings, please see Table I for meeting summaries. The major work of the Audit Committee for the year is as follows:

(1) Reviewed the annual financial report of 2023, the first quarterly report, the interim financial report and the third quarterly report of 2024 of the Company. During the review process, the committee performed sufficient and necessary communication with the Company's external auditors and the management of the Company and fulfilled the committee's duties in ensuring the Company's compliance with regulations, completeness and accuracy of the financial data disclosed by the Company.

(2) Reviewed and discussed the work for internal audit and risk management of the Company and considered and approved the 2023 annual internal audit report and the 2023 annual internal control assessment report of the Company. The committee focused on the development of overseas business, required the Company to enhance the management and control of accounts receivable and avoid the risk of bad debts; paid attention to the overseas investment management and overseas risk management, fully considered the management requirements of workflow setting and pre-audit, improved risk prevention measures, and strengthened the management of internal control risk and optimization of overseas business.

(3) Reviewed the implementation of the connected transactions of the Company to ensure that the connected transactions of the Company comply with the agreements in contracts and regulatory requirements. The committee required the Company to pay continuous attention to asset impairment, especially to strengthen overseas asset management and attach importance to the return of investment; suggested to enhance the management and control of the digital achievements; continuously focused on the cash flow to ensure a healthy and controllable assets and liabilities.

(4) Gave advice on the ESG governance, and required the Company to attach importance to the environment protection, carbon emission and other work, improved ESG reporting framework in strict accordance with regulatory requirements, and enhanced the research and application of green and low-carbon technologies at the same time.

(5) Regarding the re-appointment of the auditors, the committee unanimously approved the re-appointments of Ernst & Young Hua Ming LLP and Ernst & Young as domestic and international auditors of the Company for 2024.

(VIII) TRAINING FOR DIRECTORS

In 2024, the Directors, Supervisors and senior management of the Company participated in relevant trainings to obtain continuous professional development.

In March, the Directors, Supervisors and senior management of the Company participated in the "Training on New Regulations on Duty Performance for Independent Directors and Dividend Distribution of Listed Companies in Tianjin" hosted by Tianjin Association for Public Companies; in May, the senior management of the Company participated in the "Seminar on Governance Practice of Listed Companies in Hong Kong" organized by The Hong Kong Chartered Governance Institute; in June, the Directors, Supervisors and senior management of the Company participated in the "Warning Training on Cases of Violations of Laws and Regulations of Listed Companies" hosted by Tianjin Association for Public Companies; in July, the Directors, Supervisors and senior management of the Company participated in the "Training on the New Company Law" hosted by Tianjin Association for Public Companies; in August, the Independent Non-executive Directors of the Company participated in the "Fourth Follow-up Training for Independent Directors of Listed Companies on Shanghai Stock Exchange in 2024"; in December, the Independent Non-executive Directors of the Company participated in the "Training on Key Points and Suggestions on Anti-fraud Performance for Independent Directors of Listed Companies on Shanghai Stock Exchange" and the senior management participated in the "Seventh Follow-up Training for Secretary to the Board of Directors of Listed Companies on Shanghai Stock Exchange in 2024".

As at 31 December 2024, the Directors received the following trainings (covering corporate governance, Listing Rules and other listing related regulations):

Director	Type of training
Zhao Shunqiang	A, B
Lu Tao	A, B
Xiao Jia	A, B
Chiu Lai Kuen, Susanna	A, B
Kwok Lam Kwong, Larry	A, B
Yao Xin	A, B
Fan Baitao	A, B
Liu Qiudong	A, B
Xiong Min	A, B

Note:

Type of training

A: Attending training sessions, including but not limited to briefings, seminars, conferences, etc.;

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications.

(IX) BOARD SECRETARY (COMPANY SECRETARY)

On 21 January 2022, the Company convened the first meeting of the Board of 2022, appointed Mr. Sun Weizhou as the Board Secretary and Joint Company Secretary and appointed Ms. Ng Sau Mei as the Joint Company Secretary with effect from 21 January 2022. Biography of Mr. Sun Weizhou and Ms. Ng Sau Mei are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

In January 2025, The Stock Exchange of Hong Kong Limited has confirmed that Mr. Sun Weizhou is qualified as the Company Secretary of the Company in accordance with Rule 3.28 of the Listing Rules. Accordingly, Mr. Sun Weizhou has served as the sole Company Secretary of the Company with effect from 21 January 2025, and Ms. Ng Sau Mei has submitted her resignation to the Company on 20 January 2025 to resign from the position of Joint Company Secretary of the Company with effect from 21 January 2025.

The Board Secretary of the Company reports to the Chairman and Chief Executive Officer and makes recommendation to the Board in respect of completing corporate governance, improving the quality of listed companies and strengthening Director training, etc., and continues to promote corporate governance compliance operation. For the year 2024, Mr. Sun Weizhou and Ms. Ng Sau Mei has confirmed that they have taken not less than 15-hour relevant and professional training.

(X) CORPORATE CULTURE

The corporate culture of the Company takes "Always Do Better" as the corporate spirit, "Do Everything Diligently" as the performance guideline, "win-win with customers, employees, business partners and shareholders" as the core value, "integrity, dedication, collaboration and self-discipline" as the code of conduct, and "enterprising, national identity, people-centered, strive in unity" as the culture feature. Through in-depth study and implementation of the core value concept of corporate culture and focusing on the Company's development strategy, the Company encourages and stimulates the enthusiasm and creativity of employees, effectively promotes the coordination from the management to employees and the cooperation among employees, thus forming a strong corporate internal driving force and action force to ensure the Company's long-term sustainable development.

The Company's corporate culture is consistent with the corporate objectives, values and strategies, and covers corporate governance, internal control, moral integrity and other aspects. The development plans and decisions formulated and made by the Board of Directors are consistent with the corporate culture of the Company. The Board of Directors believes that the corporate culture fully considers the characteristics of the industry, the development of the Company and employees, the realization of the Company's long-term value, the win-win with cooperative partners, the Company's sustainable development and other aspects, and conforms to the corporate objectives, values and strategies. During the reporting period, the Company implemented the requirements of the Work Guidelines for the Enhancement Action of Publicizing the Ideology, Culture and Brand of COSL, deepened the construction of corporate culture, continuously enriched the carriers of corporate culture construction, and promoted the influence and appeal of corporate culture among employees in the new era.

For more details of the corporate culture of the Company, please refer to the section headed "About COSL" as set out in the "2024 Environmental, Social and Governance (ESG) Report" published by the Company on the website of the Hong Kong Stock Exchange.

(XI) PROTECTION ON THE SHAREHOLDERS' INTERESTS

In respect of the protection on the shareholders' interests, shareholders of the Company may obtain relevant information in accordance with the requirements under the Articles of Association, including the personal information of the directors, supervisors and senior management of the Company, share capital of the Company, record of general meetings, Board resolutions, resolutions of Supervisor Committee and financial reports, and so on. The Company provides its contacts in regular reports and on the Company's website to facilitate smooth communication with its shareholders. Also, the Company makes a clear explanation for the procedures of calling an extraordinary general meeting or a class meeting by shareholders in the Articles of Association: ordinary shareholders (including the preference shareholders with voting rights resumed) holding 10 percent or more of the shares carrying the right to vote at the general meeting to be held, individually or jointly, may sign one or more written requests of identical form and substance requesting the board of directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting.

In additional, the Company specifies procedures for shareholders to inquire information and the channel to access information to guarantee shareholders' rights in the Articles of Association. For details, please refer to the Articles of Association published on the Company's website.

In accordance with the regulatory provisions and combined with the routine work practices, the Company formulated the Investors and Public Relations Management Measures and other management systems to regulate the management of investor relations. The Company has dedicated employees to receive the visiting shareholders and investors, and made its contact numbers publicly available. Meanwhile, the Company established a "Investor Communication Column" on its website to publish the latest information. During the reporting period, the Company organized and convened annual results, interim results and quarterly results presentations, and the Directors and senior management of the Company attended such presentations and actively communicated with shareholders and investors to answer the commonly concerned questions of investors. In addition, during the reporting period, the Company proactively organized roadshows, offline surveys and other activities to introduce the development strategy and production and operation of the Company and conduct in-depth exchanges with shareholders and investors. The Board has reviewed the implementation and effectiveness of the shareholder communication policy, and the Board considered that the above policies were effectively implemented and executed during the reporting period.

During the reporting period, the Company made amendments to the Articles of Association one time, please refer to the announcements of the Company dated 26 March 2024 and 28 May 2024 for details. For details of the Articles of Association, please visit the Company's website.

(XII) THE REMUNERATION OF AUDITORS

In 2024, the Company has appointed Ernst & Young Hua Ming LLP and Ernst & Young as its domestic and international auditors for 2024, and authorized the Board to fix their remuneration. The fees for the audit and non-audit services provided by the auditors to the Company during the reporting period were as follows:

Audit services – The fees totaled RMB16.55 million for audit/review of the annual and interim financial statements and internal control in 2024.

Non-audit services – The fees totaled RMB7.21 million for provision of professional service for tax compliance and tax advice in 2024.

(XIII) RESPONSIBILITIES UNDERTAKEN

The Board of Directors acknowledges its responsibilities of preparing the account of the Company and the auditors have also explained their reporting responsibilities in the auditor's report; the Board of Directors undertakes the responsibilities for the effectiveness of internal control of the Company and its subsidiaries and has completed the relevant review and assessment during the reporting period, and concluded that there were no material weaknesses in the internal controls of the Company and its subsidiaries; the Board of Directors confirms that, unless otherwise stated in this annual report, there are no major events and circumstances of uncertainty which may affect the operation of the Company as a going concern.

Table I: Summary of the Board Meetings & Special Committee Meetings

Meeting	Time	Place	Attendant Directors	Moderator	Notes
First Meeting of Board of Directors	26 March 2024	Shenzhen	Zhao Shunqiang, Lu Tao, Xiong Min, Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin, Fan Baitao, Liu Qiudong	Zhao Shunqiang	Three supervisors attended as non-voting delegates
Second Meeting of Board of Directors	25 April 2024	Beijing	Zhao Shunqiang, Lu Tao, Xiong Min, Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin, Fan Baitao, Liu Qiudong	Zhao Shunqiang	Three supervisors attended as non-voting delegates
First Extraordinary Meeting of Board of Directors	15 August 2024	Yanjiao	Zhao Shunqiang, Lu Tao, Xiong Min, Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin, Fan Baitao, Liu Qiudong	Zhao Shunqiang	Three supervisors attended as non-voting delegates
Third Meeting of Board of Directors	27 August 2024	Zhuhai	Zhao Shunqiang, Lu Tao, Xiong Min, Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin, Fan Baitao, Liu Qiudong	Zhao Shunqiang	Three supervisors attended as non-voting delegates
Fourth Meeting of Board of Directors	29 October 2024	Beijing	Zhao Shunqiang, Lu Tao, Xiong Min, Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin, Fan Baitao, Liu Qiudong	Zhao Shunqiang	Three supervisors attended as non-voting delegates
Fifth Meeting of Board of Directors	18 December 2024	Sanya	Zhao Shunqiang, Lu Tao, Xiao Jia, Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin, Fan Baitao, Liu Qiudong	Zhao Shunqiang	Two supervisors attended as non-voting delegates
First Meeting of Audit Committee	25 March 2024	Shenzhen	Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin	Chiu Lai Kuen, Susanna	Three supervisors attended as non-voting delegates
Second Meeting of Audit Committee	24 April 2024	Beijing	Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin	Chiu Lai Kuen, Susanna	Three supervisors attended as non-voting delegates
Third Meeting of Audit Committee	26 August 2024	Zhuhai	Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin	Chiu Lai Kuen, Susanna	Three supervisors attended as non-voting delegates
Fourth Meeting of Audit Committee	28 October 2024	Beijing	Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry, Yao Xin	Chiu Lai Kuen, Susanna	Three supervisors attended as non-voting delegates

Meeting	Time	Place	Attendant Directors	Moderator	Notes
First Meeting of Remuneration and Assessment Committee	25 March 2024	Shenzhen	Kwok Lam Kwong, Larry, Chiu Lai Kuen, Susanna, Yao Xin, Liu Qiudong	Kwok Lam Kwong, Larry	Three supervisors attended as non-voting delegates
Second Meeting of Remuneration and Assessment Committee	18 December 2024	Sanya	Kwok Lam Kwong, Larry, Chiu Lai Kuen, Susanna, Yao Xin, Liu Qiudong	Kwok Lam Kwong, Larry	Two supervisors attended as non-voting delegates
First Meeting of Nomination Committee	25 March 2024	Shenzhen	Yao Xin, Zhao Shunqiang, Kwok Lam Kwong, Larry	Yao Xin	Three supervisors attended as non-voting delegates
Second Meeting of Nomination Committee	28 October 2024	Beijing	Yao Xin, Zhao Shunqiang, Kwok Lam Kwong, Larry	Yao Xin	Three supervisors attended as non-voting delegates
Third Meeting of Nomination Committee	18 December 2024	Sanya	Yao Xin, Zhao Shunqiang, Kwok Lam Kwong, Larry	Yao Xin	Two supervisors attended as non-voting delegates

		Participation in Board meetings						Participation in general meetings
Name of Directors	Independent Director or not	No. of Board meetings participations for this year	No. of in-person attendance	No. of participation by communication	No. of delegated attendance	No. of absences	Whether or not absent in-person from two consecutive meetings	No. of general meetings participations
Zhao Shunqiang	No	6	6	1	0	0	No	5
Lu Tao	No	6	3	0	3	0	Yes	3
Xiao Jia	No	1	1	0	0	0	No	0
Chiu Lai Kuen, Susanna	Yes	6	6	3	0	0	No	5
Kwok Lam Kwong, Larry	Yes	6	6	4	0	0	No	5
Yao Xin	Yes	6	6	2	0	0	No	5
Fan Baitao	No	6	6	1	0	0	No	0
Liu Qiudong	No	6	4	1	2	0	No	5
Xiong Min	No	5	0	0	5	0	Yes	0

Notes:

1. *Messrs. Lu Tao and Xiong Min failed to attend two consecutive Board meetings in-person due to other business matters, but they have authorised other Directors to vote on their behalf in respect of the resolution of Board meetings (the proxy shall vote in accordance with the terms of the written power of attorney).*

2. *Mr. Xiao Jia was elected as the executive Director of the Company at the 2024 Second EGM held on 3 December 2024, and there was no general meeting in which he should participate during the reporting period.*

Table II: Particulars of the Board resolutions

Meeting	Matters considered
First Meeting of Board of Directors	1 Approving the resolution of the medium-term adjustment plan for the 14th Five-Year Plan of COSL. 2 Approving the resolution of amendments to the Planning and Development Management System. 3 Approving the resolution of change of the scope of business of the Company and amendments to the Articles of Association. 4 Approving the resolution of amendments to the Independent Director System. 5 Approving the resolution of amendments to the Terms of Reference for the Audit Committee of the Board. 6 Approving the resolution for the Corporate Governance Report and the Report of the Board of Directors for the year 2023. 7 Approving the resolution of the 2023 Environmental, Social and Governance (ESG) Report of the Company. 8 Approving the resolution of the audited 2023 Financial Report of the Company. 9 Approving the resolution of the 2023 annual results disclosure of the Company. 10 Approving the resolution of re-appointment of the audit firms at the general meeting. 11 Approving the resolution of profit distribution of the Company for the year 2023. 12 Approving the resolution of the Continuous Risk Assessment Report on CNOOC Finance Corporation Limited. 13 Approving the resolution of the US dollar loans extension by the wholly-owned subsidiary, COSL Middle East FZE, and the provision of guarantee by the Company. 14 Approving the resolution of provision of guarantees for the Company's wholly-owned subsidiaries by the Company. 15 Approving the resolution of the Internal Control Assessment Report for the year 2023. 16 Approving the resolution of the Comprehensive Risk Management Work for the year 2024. 17 Approving the Compliance Work Report of COSL for the Year 2023. 18 Approving the resolution of the nomination of Ms. Chiu Lai Kuen, Susanna as a candidate for independent non-executive Director of the Company. 19 Approving the resolution of setting manager performance appraisal indicators for the year 2024. 20 Approving the resolution of the project feasibility study report on the construction of two types of four dual-fuel (LNG/diesel) offshore support vessels. 21 Approving the resolution to authorize the Board to further issue 20% of H shares at the general meeting. 22 Approving the resolution to authorize the Board to buy back 10% of A shares and 10% of H shares at the general meeting. 23 Approving the resolution of convening the 2023 Annual General Meeting and 2024 Class Meetings.
Second Meeting of Board of Directors	1 Approving the resolution of the 2024 First Quarterly Financial Report of the Company. 2 Approving the resolution of the 2024 First Quarterly Results Disclosure of the Company. 3 Approving the resolution of capital increase of COSL Singapore Limited to Norway-based company level by level. 4 Approving the resolution of providing credit facility to overseas wholly-owned subsidiaries. 5 Approving the resolution of renewal of the revolving loan agreement with CNOOC Finance Corporation Limited.

Meeting	Matters considered
First Extraordinary Meeting of Board of Directors	1 Approving the resolution of related matters of overseas subsidiary of COSL.
Third Meeting of Board of Directors	1 Approving the resolution of the Rules of Procedure for Office Meetings of the President. 2 Approving the resolution of amendments to the Science and Technology Management Systems. 3 Approving the resolution of amendments to the Network Security and Information Management System. 4 Approving the resolution of the 2024 Interim Financial Report of the Company. 5 Approving the resolution of the 2024 Interim Results Disclosure of the Company. 6 Approving the resolution of the Continuous Risk Assessment Report on CNOOC Finance Corporation Limited. 7 Approving the resolution of the debt management optimization plan of the Company.
Fourth Meeting of Board of Directors	1 Approving the resolution of the 2024 Third Quarterly Financial Report of the Company. 2 Approving the resolution of the 2024 Third Quarterly Results Disclosure of the Company. 3 Approving the resolution of the increase of registered capital of COSL Drilling Brasil LTDA. 4 Approving the resolution of absorption and merger of CAIM Services S.A. de C.V. by COSL Mexico S.A. de C.V. 5 Approving the resolution of amendments to the Human Resources Management System. 6 Approving the resolution of the nomination of candidate for executive Director of the Company and the appointment of senior management. 7 Approving the resolution of convening the EGM.
Fifth Meeting of Board of Directors	1 Approving the budget proposal of the Company for the year 2025 (including budget of liability insurance for Directors and Supervisors and budget of public welfare donations). 2 Approving the resolution of the 2025 credit extension program of the Company. 3 Approving the resolution of the 2025 wealth management plan of the Company. 4 Approving the resolution of absorption and merger of COSL Prospector Pte. Ltd. by COSL Singapore Limited. 5 Approving the resolution of the appointment of senior management of the Company. 6 Approving the resolution of amendments to two system lists including the "Three Importance and One Significance" Decision-Making Matters of China Oilfield Services Limited. 7 Approving the resolution of amendments to the Administrative Measures for the Authorization of the Board of Directors.
The matters to be voted by way of circulating resolutions approved in 2024	1 Approving the resolution of the appointment of Mr. Qie Ji as the chief financial officer (CFO) of the Company. 2 Approving the resolution of the 2023 performance appraisal results and annual remuneration standard for managers. 3 Approving the resolution of the appointment of Mr. Zhou Jiaxiong as the vice president of the Company. 4 Approving the resolution of the feasibility study report on purchase of two supply vessels with 7,000 horsepower and 1 AHTS vessel with 9,000 horsepower by COSL and the capital increase to COSL Leasing (TianJin) Co., Ltd.

Summary of General Meetings

Session and No. of Meeting	Date	Name of Proposals	Resolutions	Designated websites on which resolutions were published
2024 First EGM	19 March 2024	**As an ordinary resolution:** 1. To consider and approve the appointment of Mr. Zhao Feng as the supervisor of the Company.	The convening of this meeting was in compliance with the Company Law and other relevant laws, administrative regulations and the Articles of Association of the Company. There were 13 shareholders (including on-site attendance and online voting) in attendance either in person or by proxy at the meeting, representing 3,493,302,123 shares or 73.21% of the total number of shares of the Company with voting rights. The aforesaid resolution was approved by way of on-site and online voting by poll. Messrs. Lu Tao and Xiong Min, executive directors, and Mr. Fan Baitao, a non-executive director, were unable to attend the EGM due to other business matters, while other directors and all supervisors of the Company attended the EGM.	www.sse.com.cn www.hkex.com.hk

Session and No. of Meeting	Date	Name of Proposals	Resolutions	Designated websites on which resolutions were published
2023 AGM	28 May 2024	**As ordinary resolutions:** 1. To consider and approve the audited financial statements and the report of the auditor for the year ended 31 December 2023. 2. To consider and approve the proposed profit distribution plan and final dividend distribution plan for the year ended 31 December 2023. 3. To consider and approve the report of the Board of Directors for the year ended 31 December 2023. 4. To consider and approve the report of the Supervisory Committee for the year ended 31 December 2023. 5. To consider and approve the re-appointment of the audit firms. 6. To consider and approve the resolution in relation to the US dollar loans extension by the wholly-owned subsidiary, COSL Middle East FZE, and the provision of guarantee by the Company thereof. 7. To consider and approve re-appointment of Ms. Chiu Lai Kuen, Susanna as an Independent Non-executive Director of the Company. 8. To consider and approve the amendments to the Independent Director System.	The convening of this meeting was in compliance with the Company Law and other relevant laws, administrative regulations and the Articles of Association of the Company. There were 32 shareholders (including on-site attendance and online voting) in attendance either in person or by proxy at the meeting, representing 3,465,064,824 shares or 72.62% of the total number of shares of the Company with voting rights. The aforesaid resolutions were approved by way of on-site and online voting by poll. Mr. Xiong Min, an executive director, and Mr. Fan Baitao, a non-executive director, were unable to attend the AGM due to other business matters, while other directors and all supervisors of the Company attended the AGM.	www.sse.com.cn www.hkex.com.hk

Session and No. of Meeting	Date	Name of Proposals	Resolutions	Designated websites on which resolutions were published
		As special resolutions: 9. To consider and approve change of the scope of business and amendments to the Articles of Association. 10. To consider and approve the provision of guarantees for the wholly-owned subsidiaries of the Company. 11. To consider and approve the resolution of granting the Board a mandate to issue further H shares representing up to 20% of the aggregate amount of the H shares in issue during the relevant period. 12. To consider and approve the resolution of granting the Board a mandate to buy back 10% of A shares and 10% of H shares.		
2024 First A Shareholders' Class Meeting	28 May 2024	**As a special resolution:** 1. To consider and approve the resolution of granting the Board a mandate to buy back 10% of A shares and 10% of H shares.	The convening of this meeting was in compliance with the Company Law and other relevant laws, administrative regulations and the Articles of Association of the Company. There were 31 shareholders (including on-site attendance and online voting) in attendance either in person or by proxy at the meeting, representing 2,526,561,852 shares or 85.34% of the total number of A shares of the Company with voting rights. The aforesaid resolution was approved by way of on-site and online voting by poll. Mr. Xiong Min, an executive director, and Mr. Fan Baitao, a non-executive director, were unable to attend the Class Meeting due to other business matters, while other directors and all supervisors of the Company attended the Class Meeting.	www.sse.com.cn www.hkex.com.hk

Session and No. of Meeting	Date	Name of Proposals	Resolutions	Designated websites on which resolutions were published
2024 First H Shareholders' Class Meeting	28 May 2024	**As a special resolution:** 1. To consider and approve the resolution of granting the Board a mandate to buy back 10% of A shares and 10% of H shares.	The convening of this meeting was in compliance with the Company Law and other relevant laws, administrative regulations and the Articles of Association of the Company. There were two shareholders in attendance either in person or by proxy at the meeting, representing 933,010,072 shares or 51.52% of the total number of H shares of the Company with voting rights. The aforesaid resolution was approved by way of on-site voting by poll. Mr. Xiong Min, an executive director, and Mr. Fan Baitao, a non-executive director, were unable to attend the Class Meeting due to other business matters, while other directors and all supervisors of the Company attended the Class Meeting.	www.sse.com.cn www.hkex.com.hk
2024 Second EGM	3 December 2024	**As a special resolution:** 1. To consider and approve the resolution in relation to the debt management optimization plan. **As ordinary resolutions:** 2. To consider and approve the appointment of Mr. Xiao Jia as the executive director of the Company. 3. To consider and approve the appointment of Ms. Hu Zhaoling as the independent supervisor of the Company.	The convening of this meeting was in compliance with the Company Law and other relevant laws, administrative regulations and the Articles of Association of the Company. There were 421 shareholders (including on-site attendance and online voting) in attendance either in person or by proxy at the meeting, representing 3,291,589,257 shares or 68.98% of the total number of shares of the Company with voting rights. The aforesaid resolutions were approved by way of on-site and online voting by poll. Messrs. Lu Tao and Xiong Min, executive directors, and Mr. Fan Baitao, a non-executive director, were unable to attend the EGM due to other business matters, while other directors and all supervisors of the Company attended the EGM.	www.sse.com.cn www.hkex.com.hk

Directors, Supervisors, Senior Management and Employees

I. CHANGE IN SHAREHOLDING AND REMUNERATIONS OF CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Unit: Shares

Name	Position (Note)	Gender	Age	Starting date of term	Expiry date of term	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Change of Shareholding during the year	Reason of change	Total remuneration before tax received from the Company during the reporting period (RMB10,000)	Whether received remuneration from the related party of the Company
Zhao Shunqiang	Chairman Executive Director CEO	Male	56	2021-4-28 2020-10-21 2021-4-28	2026-8-16					126.16	No
Lu Tao	Executive Director Former President	Male	56	2023-8-17 2023-5-31	2026-8-16 2024-11-20					124.42	Yes
Xu Yingbo	Secretary to the Disciplinary Committee	Male	51	2023-4-28						119.71	No
Xiao Jia	Executive Director Deputy Party Secretary	Male	42	2024-12-3 2024-10-29	2027-12-2					32.53	No
Zhou Jiaxiong	Vice President	Male	53	2024-9-30						51.88	No
Wu Zixian	Vice President General Legal Counsel Chief Compliance Officer	Male	44	2024-12-18 2025-1-9 2025-1-9						0	No
Yang Dexing	Vice President Safety Director	Male	44	2020-12-18 2021-2-19						116.28	No
Shang Jie	Chief Engineer	Male	48	2022-12-21						114.49	No
Sun Weizhou	Vice President Secretary to the Board Company Secretary Former General Legal Counsel Former Chief Compliance Officer Former Joint Company Secretary	Male	53	2022-12-21 2022-1-21 2025-1-21 2022-11-7 2022-11-7 2022-1-21	 2024-12-23 2024-12-23 2025-1-20					113.39	No
Qie Ji	CFO	Male	47	2024-6-18						53.09	No
Chiu Lai Kuen, Susanna	Independent Non-executive Director	Female	65	2021-6-1	2027-5-27					40.00	No
Kwok Lam Kwong, Larry	Independent Non-executive Director	Male	69	2022-6-1	2025-5-31					40.00	No
Yao Xin	Independent Non-executive Director	Male	46	2022-8-23	2025-8-22					40.00	No

Name	Position (Note)	Gender	Age	Starting date of term	Expiry date of term	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Change of Shareholding during the year	Reason of change	Total remuneration before tax received from the Company during the reporting period (RMB10,000)	Whether received remuneration from the related party of the Company
Fan Baitao	Non-executive Director	Male	49	2023-8-17	2026-8-16					–	Yes
Liu Qiudong	Non-executive Director	Male	52	2023-8-17	2026-8-16					–	Yes
Zhao Feng	Supervisor	Male	46	2024-3-19	2027-3-18					–	Yes
Hu Zhaoling	Independent Supervisor	Female	52	2024-12-3	2027-12-2					0.67	No
Wang Lingen	Employee Representative Supervisor	Male	53	2024-8-9	2027-8-8	19,300	19,300	0		53.54	No
Xiong Min	Former Executive Director	Male	48	2022-12-22	2024-12-3					43.21	No
Chong Xiaojie	Former CFO	Female	48	2021-5-11	2024-6-18					55.89	No
Peng Wen	Former Chairman of the Supervisory Committee	Male	55	2020-10-21	2024-3-19					–	Yes
Ma Xiuen	Former Employee Representative Supervisor	Male	49	2022-8-12	2024-8-9					34.78	No
Cheng Xinsheng	Former Independent Supervisor	Male	62	2015-6-2	2024-12-3					7.33	No
Total	/	/	/	/	/	19,300	19,300	0	/	1,167.37	/

Notes: 1. The total remuneration of the above directors, supervisors and senior management was the total remuneration for holding their respective positions before tax received from the Company and whether received remuneration from the related party of the Company during the reporting period.

2. The 2024 annual remuneration of Mr. Wu Zixian was disbursed by CNOOC International Limited. The commencement date of his remuneration with the Company is January 2025.

3. On 19 March 2024, the Company convened the 2024 First EGM, at which considered and approved the appointment of Mr. Zhao Feng as a supervisor of the Company for a term of three years, starting from the date when the resolution was passed at the 2024 First EGM. On 20 March 2024, the Company convened the 2024 first extraordinary meeting of the Supervisory Committee, at which Mr. Zhao Feng was elected as the chairman of the Supervisory Committee of the Company.

4. As stated in the announcement of the Company dated 11 August 2024, Mr. Wang Lingen, an Employee Representative Supervisor, holds 19,300 A shares of the Company, and the spouse of Mr. Wang Lingen holds 3,500 A shares of the Company. The above-mentioned shares are held by Mr. Wang Lingen before he was appointed as an Employee Representative Supervisor of the Company. During the reporting period, there was no change in the above-mentioned shares.

5. Details of the changes are set out in "Changes of Directors, Supervisors and Senior Management of the Company" of the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

BOARD OF DIRECTORS:

Zhao Shunqiang

Mr. Zhao Shunqiang, Chinese, born in 1968, Chairman, Executive Director and CEO of COSL, senior engineer, graduated from China University of Petroleum (East China) with bachelor degree of drilling engineering in 1990 and was granted EMBA of CEIBS in 2008. From July 1990 to November 2001, Mr. Zhao successively served as drilling foreman, staff member of operating department and senior team leader of China Offshore Oil Northern Drilling Company; from November 2001 to October 2002, he successively served as Vice President of China Offshore Oil International Engineering Company and manager of BH9 of China Offshore Oil Northern Drilling Company; from October 2002 to August 2004, he served as Vice General Manager of Tianjin Branch of COSL; from August 2004 to November 2004, he served as Director of Drilling Technology Institute (Tanggu) of COSL IPM Division; from November 2004 to December 2005, he served as General Manager of Tianjin Branch of COSL; from December 2005 to April 2012, he served as General Manager of the Production Optimization Division of COSL, while he also served as the Dean of Production Optimization Research Institute from January 2011 to April 2012; from April 2012 to March 2018, he served as the Vice General Manager of CNOOC International Limited; from March 2018 to August 2020, he served as President of CNOOC Uganda Limited; from August 2020 to April 2021, he served as President of COSL. Since October 2020, he has served as an Executive Director of COSL. He has served as Chairman and CEO of COSL since April 2021. Mr. Zhao has over 30 years of experience in the oil and natural gas industry.

Lu Tao

Mr. Lu Tao, Chinese, born in 1969, Executive Director of COSL, is a professor-level senior engineer. He graduated from the University of Electronic Science and Technology of China with major in electromagnetic field and microwave technology and a master's degree in 1993, and later was granted a doctorate degree in measurement technology and instrumentation from the University of Electronic Science and Technology of China. From April 1993 to July 1993, Mr. Lu served as research engineer at the Research Institute of China National Offshore Oil Logging Corporation, and from July 1993 to October 1993, he had an intern at Xinjiang Branch of China National Offshore Oil Logging Corporation. From October 1993 to January 2002, he served as research engineer at the Research Institute of China National Offshore Oil Logging Corporation. From January 2002 to September 2002, he served as Vice Chief Engineer of the Technology Development Center of COSL Logging Division. From September 2002 to December 2004, he served as the Vice Chief Engineer of the Electromechanical Equipment Institute of COSL R&D Center. From December 2004 to April 2006, he served as the Director of the Electromechanical Equipment Institute of the COSL Technical Center. From April 2006 to January 2010, he served as the Chief Engineer of the COSL Technical Center. From January 2010 to May 2010, he served as Deputy Director of COSL Technical Center. From June 2010 to June 2016, he served as Vice General Manager of COSL Well Tech Division. From June 2016 to November 2017, he served as General Manager of COSL Well Tech Division. From November 2017 to August 2019, he served as General Manager and Deputy Party Secretary of COSL Well Tech Division. From August 2019 to November 2019, he served as General Manager and Deputy Party Secretary (responsible for the work of the Party Committee) of COSL Well Tech Division. From November 2019 to August 2020, he served as General Manager and Party Secretary of COSL Well Tech Division. He concurrently served as General Legal Counsel of COSL from July 2020 to July 2021. From July 2020 to May 2023, he served as Vice President of COSL. From May 2023 to November 2024, he has served as President of COSL. Since August 2023, he has served as Executive Director of COSL. He has served as the General Manager of the Technology and Digital Intelligence Department of China National Offshore Oil Corporation since November 2024.

Xiao Jia

Mr. Xiao Jia, Chinese, born in 1982, Executive Director, Deputy Party Secretary and Chairman of Labour Union of COSL, is a senior political engineer. He graduated from the history department of Renmin University of China in 2004 and obtained a bachelor's degree in history; graduated from the School of History of Renmin University of China in 2007, majoring in modern and contemporary history of the world, and obtained a master's degree in history. From 2004 to 2005, Mr. Xiao Jia was a youth volunteer teacher of Yunshishan Junior Middle School in Ruijin City, Jiangxi Province. From 2007 to 2010, he worked in the Culture and Education Division of the Research Office of Beijing Municipal Committee of the Communist Party of China. From 2010 and prior to joining the Company, he successively served as a theoretical senior supervisor of ideological and political work department and the deputy head and head of ideological building division of China National Offshore Oil Corporation, the head of party building research division of the party and mass work department and the deputy director of the party and mass work department of China National Offshore Oil Corporation, and the secretary of Youth League Committee of China National Offshore Oil Corporation. Mr. Xiao has been the Deputy Party Secretary of COSL since October 2024 and has been the Executive Director of COSL since December 2024. He has served as the Chairman of Labour Union of COSL since February 2025.

Chiu Lai Kuen, Susanna

Ms. Chiu Lai Kuen, Susanna, China (Hong Kong) by nationality, born in 1960, an Independent Non-executive Director of COSL, MH, JP., graduated from the University of Sheffield (United Kingdom) with First-Class Honours in Economics, and obtained an EMBA degree in business administration from the Chinese University of Hong Kong. Ms. Chiu is a Hong Kong certified public accountant, a Chinese certified public accountant, a qualified Chartered Accountant from England and a Certified Information System Auditor. She is a current member of the Chinese People's Political Consultative Conference (CPPCC) of Shanghai, an expert on government accounting standards at the Ministry of Finance and an executive member of the Guangdong Women's Federation. In respect of her professional career, Ms. Chiu was the former president of the Hong Kong Institute of Certified Public Accountant and the former president of the Information Systems Audit and Control Association (China Hong Kong Chapter). Ms. Chiu is devoted to social affairs and held a number of public service positions, including the council treasurer of the Education University of Hong Kong, and a member of the Women's Commission and the Equal Opportunities Commission and the Energy Advisory Committee. Ms. Chiu was awarded the Medal of Honor, the "Justice of Peace" and the "Justice of Peace NT" by the Hong Kong Government. She also obtained various awards including the Greater Bay Area Outstanding Women Entrepreneur Award for 2021, the Outstanding Women Professionals Award by the Hong Kong Women Professionals & Entrepreneurs Association, the "Distinguished Alumni" Award from the University of Sheffield (United Kingdom) and the "Outstanding Business Woman" by Hong Kong Commercial Daily, etc. Ms. Chiu currently serves as an executive director and the chief financial officer of Bonjour Holdings Limited (stock code: 653). From 2019 to 2023, she served as an independent non-executive director of Huijing Holdings Company Limited (stock code: 9968). From 2006 to 2019, Ms. Chiu successively served as Senior Vice President, Eastern China Chief Representative and Consultant under the Fung Group. From 2000 to 2005, she served as the Chief Operating Officer of DVN (Holdings) Limited (currently known as Frontier Services Group Limited, stock code: 00500). Ms. Chiu also served as an independent non-executive director of Huali University Group Limited (currently known as China Vocational Education Holdings Limited, stock code: 1756), which is listed on the Hong Kong Stock Exchange, and Nanyang Commercial Bank Limited. She has been an Independent Non-executive Director of COSL since June 2021.

Kwok Lam Kwong, Larry

Mr. Kwok Lam Kwong, Larry, China (Hong Kong) by nationality, born in 1955, an Independent Non-executive Director of COSL, SBS, BBS, JP, graduated from the University of Sydney, Australia with double bachelor's degrees in economics and laws respectively as well as a master's degree in laws. He also obtained the Advanced Management Program diploma from the Harvard Business School. Mr. Kwok is currently qualified to practise as a solicitor in Hong Kong and a partner of Kwok Yih & Chan. He is also admitted as a solicitor in Australia, the United Kingdom and Singapore. In addition, he is qualified as a Chartered Accountant in the United Kingdom and an Accredited Accountant in Australia and Hong Kong. Mr. Kwok has worked in international law firms in the United States, the United Kingdom and Australia, and served as the managing partner of Greater China for a total of 15 years. Mr. Kwok served as the managing partner of King & Wood Mallesons (Asia Strategy & Markets) from 2012 to 2014. Since 2014, Mr. Kwok has served as a partner of Kwok Yih & Chan. Since December 1994, Mr. Kwok has been an independent non-executive director (re-designated as a non-executive director in 2005) of First Shanghai Investments Limited and has served as an independent non-executive director of Shenwan Hongyuan (H.K.) Limited since March 1995. Mr. Kwok has been an independent non-executive director of Starlite Holdings Limited and Café de Coral Holdings Limited since July 2004. Since February 2018, he has served as an independent non-executive director of AAC Technologies Holdings Inc. Mr. Kwok is also an independent non-executive director of CMB Wing Lung Bank Limited, a private company in Hong Kong. Since October 2023, he has served as a director of Association of Hong Kong Capital Market Practitioners. Mr. Kwok has served regularly on Government boards and committees and is currently the honorary treasurer of Heep Hong Society, a non-profit organization in Hong Kong. He is also the chairman of the Appeal Tribunal Panel, Buildings Ordinance (Chapter 123) and an arbitrator of the Shenzhen Court of International Arbitration. He has been an Independent Non-executive Director of the Company since June 2022.

Yao Xin

Mr. Yao Xin, Chinese, born in 1979, an Independent Non-executive Director of COSL. Mr. Yao successively obtained a bachelor's degree in engineering from Tsinghua University and a doctorate degree in economics from Xiamen University. He joined the School of Economics of Xiamen University as an assistant professor after obtaining his PhD in 2010 and was promoted to associate professor in 2012. He was selected into Outstanding Young Scientific Research Talent Cultivation Program in Fujian Colleges and Universities in 2013, awarded as Fujian Province Youth Top-Notch Talent in 2014, became a doctoral tutor in 2015, and promoted to professor in 2017. He was a visiting scholar at Industrial Engineering and Logistics Management Department of the Hong Kong University of Science and Technology during the period from 2014 to 2016. He has served as the director of China Centre for Energy Economics Research at Xiamen University since 2022. Mr. Yao has been devoted to the research in fields such as energy and environmental economy, green finance and sustainable supply chain for many years, and has undertaken a number of relevant national important research projects. The research results are influential and have won multiple awards above provincial and ministerial level. He is awarded the Most Cited Chinese Researchers in applied economics by Elsevier in 2021. He has been an Independent Non-executive Director of the Company since August 2022.

Fan Baitao

Mr. Fan Baitao, Chinese, born in 1975, a Non-executive Director of COSL, is a professor-level senior engineer and an expert of China National Offshore Oil Corporation who is entitled to a special allowance provided by the State Council. He graduated from Daqing Petroleum Institute with a major in petroleum engineering in July 1998 and obtained a doctorate degree in oil and gas well engineering from China University of Petroleum (Beijing) in December 2018. From July 1998 to July 1999, Mr. Fan had an intern at well completion of Production Department of CNOOC Bohai Company. From July 1999 to July 2003, he served as a well completion supervisor of CNOOC Bohai Industrial Company. From July 2003 to April 2019, he successively served as the oilfield development and management supervisor of Drilling Division, drilling & completion representative and drilling & completion deputy manager of Kerr-Mcgee Joint Administrative Committee, design manager of drilling division, chief engineer of drilling & completion division, and manager of engineering and technology department of Tianjin Branch of CNOOC (China) Limited. From April 2019 to October 2022, he successively served as the dean of Drilling and Production Institute, vice chief engineer (drilling & completion) and the dean of Drilling and Production Institute of CNOOC Research Institute Co., Ltd. From November 2022 to May 2024, he served as the chief engineer (drilling & completion) of engineering technology department of CNOOC Limited. Since May 2024, he has served as the deputy general manager of engineering technology department of CNOOC Limited. Since August 2023, he has served as a Non-executive Director of the Company.

Liu Qiudong

Mr. Liu Qiudong, Chinese, born in 1972, a Non-executive Director of COSL. He has been awarded the title of Professorate Senior Accountant. He also is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Fellow of Certified Public Accountant Australia (FCPA Australia), a member of the Association of International Accountants (AIA). He obtains a certificate of leading accounting talent issued by the National Government Offices Administration and had been appointed as a member of the Accounting Standards Advisory Committee of the Ministry of Finance. Mr. Liu graduated from Financial Institute of Shandong Yantai with a major in Foreign-related Accounting in July 1994, a dual master's degree in Commerce and MBA from Deakin University in Australia in December 2005. From August 1995 to May 1997, he served as an accountant of the Planning and Financial Department of Shandong Fisheries Enterprise Group; from June 1997 to April 2000, he served as a financial manager of SHANSHUI Enterprise Pty Ltd; from May 2000 to December 2003, he served as a financial manager of Aqua Star Pty Ltd. Mr. Liu previously served as an overseas business senior supervisor of the International Business and Marketing Department of COSL from June 2006 to July 2007, a manager of information disclosure of the Office of the Secretary to the Board of COSL from August 2007 to October 2013, and an accounting manager of the Finance Department of COSL from November 2013 to April 2017. He served as a chief of the report analysis division of the Financial and Assets Department of CNOOC from May 2017 to October 2021, and the deputy general manager of the Financial and Assets Department of CNOOC from November 2021 to October 2022. He has served as the deputy general manager of the Financial and Treasury Department of CNOOC since November 2022. He has served as the deputy general manager of the Treasury Department of CNOOC Limited since December 2022. He has served as the Chairman of the Supervisory Committee of CNOOC Energy Technology & Services Limited since October 2023. He has served as a Non-executive Director of the Company since August 2023.

SUPERVISORY COMMITTEE:

Zhao Feng

Mr. Zhao Feng, Chinese, born in 1978, is a Supervisor and the Chairman of the Supervisory Committee of COSL. He is also a senior auditor and an International Certified Internal Auditor. He graduated from the Department of Economics of Xiangtan Institute of Technology with a major in accounting and obtained a bachelor's degree in management in June 2001, and obtained a master's degree from Wuhan University with a major in accounting in June 2008. From September 2008 to December 2009, he studied at The Hong Kong Polytechnic University as a postgraduate and obtained master's degrees in accountancy and science. From June 2001 to July 2008, Mr. Zhao successively served as staff member and senior staff member in the Economic and Trade Audit Department of the National Audit Office of the People's Republic of China ("CNAO") Wuhan Regional Office. From July 2008 to May 2012, he served as principal staff member in the Enterprise Audit Department of CNAO Wuhan Regional Office. From May 2012 to June 2016, he served as a senior supervisor of the fifth department of the Audit Center of China National Offshore Oil Corporation. From June 2016 to July 2019, he successively served as the deputy manager and manager of the third department of the Audit Center of China National Offshore Oil Corporation. From July 2019 to April 2022, he served as the manager of the third department of the Northern Audit Center of China National Offshore Oil Corporation. From April 2022 to March 2024, he served as the director of the Northern Audit Center of China National Offshore Oil Corporation. Since September 2022, he has been serving as the deputy general manager of the Audit Department of China National Offshore Oil Corporation (and CNOOC Limited). He has served as a Supervisor and the Chairman of the Supervisory Committee of COSL since March 2024.

Hu Zhaoling

Ms. Hu Zhaoling, Chinese, born in 1972, an Independent Supervisor of COSL, is a professor and a doctoral supervisor. She graduated from Nankai University in 2001, majoring in world economics, and obtained a doctorate degree in economics. She has been teaching at School of Economics, Nankai University since July 2001, was exceptionally promoted as associate professor in December 2002 and promoted as professor in December 2008. She served as the deputy director and secretary of the Party Committee of Department of International Economics and Trade of School of Economics, Nankai University, and has served as the vice dean of School of Economics, Nankai University since June 2017. She has served as the Independent Supervisor of COSL since December 2024.

Wang Lingen

Mr. Wang Lingen, Chinese, born in 1971, is the Employee Representative Supervisor of COSL and a senior engineer. He graduated from University of Petroleum (East China) in 1995 with major in applied geophysics (logging) and obtained a Bachelor's degree of engineering. From August 1995 to September 2002, he served as an operating engineer of China National Offshore Oil Logging Corporation. Upon joining the Company in 2002, Mr. Wang successively served as a senior open well engineer of Xinjiang Base, a senior open well engineer/cased line leader of Tanggu Base, the Manager of Business and Marketing Department of Tanggu Base, the Vice Manager of Xinjiang Base, the Manager of Xinjiang Base, the Manager of Land Operating Company and the Manager of Tanggu Operating Company of Well Tech Division, the Vice General Manager of Well Tech Division, the Deputy Party Secretary of Well Tech Division and the Deputy Party Secretary of Oilfield Chemicals Division. Since March 2024, Mr. Wang has served as the Manager of Human Resources Department of the Company. Since June 2024, Mr Wang served as a director of China France Bohai Geoservices Co., Ltd. (a controlling subsidiary of the Company); and he served as a director of COSL-Expro Testing Services (Tianjin) Company Ltd. (a joint venture of the Company) since June 2024. He has served as the Employee Representative Supervisor of COSL since August 2024.

SENIOR MANAGEMENT:

Zhao Shunqiang

For biographical details of Mr. Zhao Shunqiang, please refer to the section of Board of Directors.

Xu Yingbo

Mr. Xu Yingbo, Chinese, born in 1973, is the Secretary to the Disciplinary Committee of COSL, senior engineer. He graduated from the University of Petroleum (East China) with major in production process automation and obtained a bachelor's degree in engineering, and later was granted a master's degree in project management from the China University of Petroleum (Beijing). From July 1997 to November 2002, Mr. Xu served as instrument engineer, instrument chief operator and equipment supervisor at the Western South China Sea Petroleum Production Company. From November 2002 to January 2007, he served as equipment supervisor and FPSO director assistant of CNOOC Energy Development Oil Production Service Company. From January 2007 to July 2007, he served as FPSO Director of CNOOC Shenzhen Branch Xijiang 23-1 Oilfield. From July 2007 to April 2009, he served as Director of CNOOC Shenzhen Branch Xijiang 23-1 Oilfield. From April 2009 to December 2010, he served as Production Director of CNOOC Shenzhen Branch Self-operated Oilfield. From December 2010 to January 2013, he served as Production Manager of CNOOC Shenzhen Branch Xijiang Oilfield Operation Area. From January 2013 to December 2014, he served as the Vice Manager of CNOOC Shenzhen Branch Xijiang Oilfield Operation Area. From December 2014 to October 2016, he served as Vice General Manager, Deputy Party Secretary and Secretary to the Disciplinary Committee of CNOOC Shenzhen Branch Xijiang Oilfield Operation Area. From October 2016 to September 2017, he served as Manager of the Supervision Department of the Eastern South China Sea Petroleum Administration. From September 2017 to December 2018, he served as Deputy Team Leader of the Discipline Inspection Commission in CNOOC Limited Shenzhen Branch. From December 2018 to February 2020, he served as Deputy Team Leader of the Party Inspection Team of CNOOC. From February 2020 to April 2023, Mr. Xu served as Team Leader of the Discipline Inspection Commission of COSL. Since April 2023, Mr. Xu has served as the Secretary to the Disciplinary Committee of COSL.

Xiao Jia

For biographical details of Mr. Xiao Jia, please refer to the section of Board of Directors.

Zhou Jiaxiong

Mr. Zhou Jiaxiong, Chinese, born in 1971, Vice President of COSL, is a professor-level senior engineer. He graduated from Jianghan Petroleum Institute with a major in exploration geophysics in 1994, and obtained a master's degree in geological engineering from China University of Geosciences (Wuhan) and a doctorate degree in oil and gas field development engineering from China University of Geosciences (Wuhan). Mr. Zhou started working in 1994, and from starting working and prior to joining the Company, he successively served as the chief engineer of development seismic, chief geophysical engineer, vice dean and dean of the Research Institute of Zhanjiang Branch of CNOOC (China) Limited, the deputy general manager of the Exploration Department of CNOOC (China) Limited, and the deputy general manager and chief geologist of Tianjin Branch of CNOOC (China) Limited. He has served as Vice President of COSL since September 2024.

Wu Zixian

Mr. Wu Zixian, Chinese, born in 1980, Vice President, General Legal Counsel and Chief Compliance Officer of COSL, is a senior engineer. He graduated from University of Petroleum (East China) with a major in oil engineering and obtained a bachelor's degree in engineering in 2003, and then obtained a master's degree in marine science and technology from University of Stavanger in Norway. From July 2003 to January 2015, he successively served as the intern, learning foreman, foreman, drilling team leader, senior team leader and drilling rig manager of COSL Drilling Division. From January 2015 to January 2016, he served as the president of PT.COSL Wellservices of COSL Drilling Division. From January 2016 to June 2016, he served as the deputy general manager (temporary acting) of COSL Drilling Division. From June 2016 to September 2017, he served as the deputy general manager of COSL Drilling Division. From September 2017 to October 2020, he served as the general manager of PT. COSL INDO. From October 2020 to November 2024, he served as the vice president of British Company of CNOOC International Limited. Since December 2024, he has served as Vice President of COSL. Since January 2025, he has concurrently served as the General Legal Counsel and Chief Compliance Officer of COSL.

Yang Dexing

Mr. Yang Dexing, Chinese, born in 1980, Vice President and Safety Director of COSL, is a senior engineer. Mr. Yang graduated from University of Petroleum (East China) with a major in oil engineering and obtained a bachelor's degree in engineering in 2003, and then obtained a master's degree from China University of Petroleum (East China) with major in oil and gas field development, and a master's degree from University of Stavanger in Norway with major in industrial economics. From July 2003 to November 2007, he served as learning foreman and drilling team leader of BH10 in Tanggu Base of COSL Drilling Division. From November 2007 to September 2008, he served as Senior Team Leader of HYSY931 at Tanggu Operation Company of COSL Drilling Division. From September 2008 to July 2012, he served as the Senior Team Leader and Drilling Rig Manager of BH4 at Tanggu Operation Company of COSL Drilling Division. From July 2012 to August 2013, he was an off-production training student for the Master of industrial economics at University of Stavanger in Norway. From August 2012 to July 2014, he obtained a master's degree in industrial economics from University of Stavanger in Norway. From August 2013 to May 2014, he served as COSLGIFT Drilling Rig Manager at Tanggu Operation Company of COSL Drilling Division. From May 2014 to October 2014, he was Manager of Human Resources Department of COSL Drilling Division. From October 2014 to February 2016, he was Manager of Operational Safety and Environmental Protection Department of COSL Drilling Division. From February 2016 to April 2017, he served as President of PT. COSL DRILLING INDO of COSL Drilling Division. From April 2017 to June 2018, he served as Vice Manager of the Quality and Safety Department of COSL. From June 2018 to August 2021, he was Manager of the Quality and Safety Department of COSL. Since December 2020, he has served as Vice President of COSL. Since February 2021, he has concurrently served as Safety Director of COSL.

Shang Jie

Mr. Shang Jie, Chinese, born in 1977, Chief Engineer of COSL, is a professor-level senior engineer. He graduated from Harbin Institute of Technology with major in Automobile Design and Manufacturing and obtained a bachelor's degree in July 1999. He graduated from Tsinghua University with major in Instrument Science and Technology and obtained a master's degree in July 2002 and graduated from Tsinghua University with major in Instrument Science and Technology and obtained a doctorate degree in July 2005, respectively. From July 2005 to August 2006, he worked as an editor of the Chinese government's official website in Xinhuanet Co., Ltd. From January 2007 to November 2007, he worked as an intern in the Electromechanical Equipment Research Institute of the COSL Technical Center. From November 2007 to December 2009, he served as an electronic engineer in the Electromechanical Equipment Research Institute of COSL Technical Center. From December 2009 to December 2012, he served as a senior electronic engineer of Electromechanical Equipment Research Institute of COSL Technical Center. From December 2012 to June 2014, he served as a senior electronic engineer and director of the Oriented Engineering Research Institute of Oilfield Technology Institute of COSL Well Tech Division. From June 2014 to November 2014, he served as a superior electronic engineer and director of the Oriented Engineering Research Institute of Oilfield Technology Institute of COSL Well Tech Division. From November 2014 to July 2016, he served as the vice dean of Oilfield Technology Institute of COSL Well Tech Division. From July 2016 to August 2020, he served as the dean of Oilfield Technology Institute of COSL Well Tech Division. From August 2020 to January 2021, he served as the dean of Oilfield Technology Institute of COSL Well Tech Division (presided over the daily management of COSL Well Tech Division). He served as Party Secretary and General Manager of COSL Well Tech Division from January 2021 to March 2023. He has been the Chief Engineer of COSL since December 2022.

Sun Weizhou

Mr. Sun Weizhou, Chinese, born in 1971, Vice President, Secretary to the Board (Company Secretary) of COSL, is an engineer. From 1988 to 2014, he successively studied in petroleum geology at North China Petroleum Technical School, English at Tianjin Foreign Studies University, business administration in the School of Continuing Education at Yangtze University and business administration at China Europe International Business School. He obtained a bachelor's degree and a master's degree in business administration in 2008 and 2014, respectively. Mr. Sun obtained a registered qualification certificate of PRC enterprise legal adviser in October 2008. Mr. Sun joined Bohai Petroleum Geological Services Company in July 1992, responsible for geological logging. From June 1995 to December 2001, he successively served as a mud logger, data engineer and unit manager of China France Bohai Geoservices. From December 2001 to December 2002, he served as a foreign affairs officer of China Oilfield Services Limited. From December 2002 to April 2006, he successively served as the secretary of the Administration Department, the person in charge of the business unit of Kazakhstan Office, the supervisor of the business unit of Malaysia Office of COSL. From April 2006 to December 2007, he served as the contract and risk control manager of the Legal Affairs Department of COSL. From December 2007 to November 2009, he served as the manager of contract review/legal affairs of joint venture of the Legal Affairs Department of COSL. From November 2009 to November 2011, he served as the general manager of the Legal Affairs Department of COSL. From November 2011 to January 2015, he served as the general manager of the Strategic Studies and Development Department of COSL. From January 2015 to December 2021, he served as the deputy general manager of COSL-Expro Testing Services (Tianjin) Company Ltd. From December 2021 to January 2023, he served as the Party Secretary and the general manager of the Production Optimization Division of COSL. He has been the Secretary of the Board of COSL since January 2022. From January 2022 to January 2025, he served as the Joint Company Secretary of COSL. From November 2022 to December 2024, he served as the General Legal Counsel and Chief Compliance Officer of COSL. He has been the Vice President of COSL since December 2022 and has been the Company Secretary of COSL since January 2025.

Qie Ji

Mr. Qie Ji, Chinese, born in 1977, CFO of COSL, is a senior accountant. He graduated from Xi'an Jiaotong University in 2000, majoring in accounting (special orientation of CPA), and obtained a bachelor's degree in economics. From July 2000 to 2007, he served as the audit manager of Reanda Certified Public Accountants. Upon leaving from Reanda Certified Public Accountants in 2007 and prior to joining the Company, Mr. Qie successively served as the accounting supervisor, senior supervisor of performance appraisal, the deputy director of budget management office and director of budget management office of the financial capital department of China National Offshore Oil Corporation. Mr. Qie has served as the CFO of COSL since June 2024.

COMPANY SECRETARY/JOINT COMPANY SECRETARIES:

Mr. Sun Weizhou was appointed as one of the Joint Company Secretaries of the Company on 21 January 2022 and has served as the sole Company Secretary since 21 January 2025. For details, please refer to the announcement published by the Company on 20 January 2025. For the biography of Mr. Sun Weizhou, please refer to the relevant content of "SENIOR MANAGEMENT" in this section.

Ms. Ng Sau Mei was appointed as one of the Joint Company Secretaries of the Company on 21 January 2022. Ms. Ng is a director of the Listing Services Department of TMF Hong Kong Limited, an international corporate services provider. Ms. Ng has over 20 years of professional experience in the company secretarial industry. Ms. Ng holds a bachelor's degree in laws from City University of Hong Kong and a master's degree in laws from University of London in the United Kingdom, and is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ng has no longer acted as the Joint Company Secretary of the Company since 21 January 2025. For details, please refer to the announcement published by the Company on 20 January 2025.

Re-appointed and newly appointed Directors in 2024

On 15 March 2024, Ms. Chiu Lai Kuen, Susanna communicated with ZHONG LUN LAW FIRM LLP, a law firm engaged by the Company that is qualified to advise on Hong Kong law, with respect to the requirements under the Listing Rules that are applicable to her as a director of the listed issuer and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange, and obtained the legal advice from such law firm on the same date. Ms. Chiu Lai Kuen, Susanna has confirmed her obligations as a director of a listed issuer.

On 4 November 2024, Mr. Xiao Jia communicated with ZHONG LUN LAW FIRM LLP, a law firm engaged by the Company that is qualified to advise on Hong Kong law, with respect to the requirements under the Listing Rules that are applicable to him as a director of the listed issuer and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange, and obtained the legal advice from such law firm on the same date. Mr. Xiao Jia has confirmed his obligations as a director of a listed issuer.

The directors, supervisors and senior management resigned during 2024 and as at the date of preparation of this annual report:

Mr. Lu Tao, Chinese, born in 1969, former Executive Director and President of COSL, resigned as President of COSL on 20 November 2024. Mr. Lu Tao continued to act as Executive Director of the Company.

Mr. Xiong Min, Chinese, born in 1976, former Executive Director of COSL, resigned as Executive Director of COSL on 3 December 2024.

Ms. Chong Xiaojie, Chinese, born in 1977, former CFO of COSL, resigned as CFO of COSL on 18 June 2024.

Mr. Peng Wen, Chinese, born in 1969, former Supervisor and Chairman of the Supervisory Committee of COSL, resigned as Supervisor and Chairman of the Supervisory Committee of COSL on 19 March 2024.

Mr. Ma Xiuen, Chinese, born in 1975, former Employee Representative Supervisor of COSL, resigned as Employee Representative Supervisor of COSL on 9 August 2024.

Mr. Cheng Xinsheng, Chinese, born in 1963, former Independent Supervisor of COSL, resigned as Independent Supervisor of COSL on 3 December 2024.

Mr. Sun Weizhou, Chinese, born in 1971, former Vice President, General Legal Counsel, Chief Compliance Officer and Secretary to the Board (Joint Company Secretary) of COSL, resigned as General Legal Counsel and Chief Compliance Officer of COSL on 23 December 2024 and has served as the sole Company Secretary since 21 January 2025. Mr. Sun Weizhou continued to act as the Vice President and Secretary to the Board (Company Secretary) of the Company.

II. SHARE OPTION INCENTIVES FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

□ Applicable √ Not applicable

III. POSITIONS OF CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(1) Positions in the Shareholder Company

√ Applicable □ Not applicable

Name	Name of shareholder company	Position in the shareholder company	Starting date of term of office	Expiry date of term of office
Lu Tao	CNOOC	General Manager of the Technology and Digital Intelligence Department	November 2024	Until now
Liu Qiudong	CNOOC	Deputy General Manager of the Financial and Treasury Department	November 2022	Until now
Zhao Feng	CNOOC	Deputy General Manager of the Audit Department	September 2022	Until now
Zhao Feng	CNOOC	Director of the Northern Audit Center	April 2022	March 2024
Peng Wen	CNOOC	Full-time director	September 2022	Until now

Please refer to the biography for details of positions in the shareholder company.

(2) Positions in Other Companies

√ Applicable ☐ Not applicable

Name	Name of other companies	Position in other companies	Starting date of term of office	Expiry date of term of office
Chiu Lai Kuen, Susanna	Bonjour Holdings Limited	Executive Director	December 2020	Until now
	Nanyang Commercial Bank Limited	Independent Non-executive Director	2018	Until now
Kwok Lam Kwong, Larry	Kwok Yih & Chan	Partner	2014	Until now
	Association of Hong Kong Capital Market Practitioners	Director	October 2023	Until now
Yao Xin	Xiamen University	Professor	August 2017	Until now
Fan Baitao	CNOOC Limited	Chief Engineer (drilling & completion) of the Engineering Technology Department	November 2022	May 2024
	CNOOC Limited	Deputy General Manager of the Engineering Technology Department	May 2024	Until now
Liu Qiudong	CNOOC Energy Technology & Services Limited	Chairman of Supervisory Committee	October 2023	Until now
	CNOOC Limited	Deputy General Manager of the Treasury Department	December 2022	Until now
Zhao Feng	CNOOC Limited	Deputy General Manager of Audit Department	September 2022	Until now
Hu Zhaoling	Nankai University	Professor	December 2008	Until now
	Nankai University	Vice Dean of School of Economics	June 2017	Until now
Chong Xiaojie	CNOOC Energy Technology & Services Limited	Chief Financial Officer	June 2024	Until now
Peng Wen	CNOOC Gas and Power Group Co., Limited	Director	August 2023	Until now
	CNOOC Enterprise Corp.	Director	August 2023	Until now
Cheng Xinsheng	Nankai University	Professor	December 2005	Until now

Please refer to the biography for details of positions in other companies.

IV. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

√ Applicable ☐ Not applicable

Decision-making procedures of remunerations of Directors, Supervisors and Senior Management	Remunerations of Directors and Supervisors are subject to shareholders' approval at the general meetings, while the remunerations of Senior Management shall be determined by the Board.
Whether Directors abstain themselves from discussion on their remunerations at the Board meeting	Yes
Details of proposal on remunerations for Directors, Supervisors and Senior Management at the meeting of the Remuneration and Assessment Committee or the special meeting of independent Directors	The performance appraisal indicators of managers for the year are objective and meticulous, and the appraisal process is scientific and clear.
Reference for determining remunerations of Directors, Supervisors and Senior Management	Depends mainly on the duties and responsibilities of Directors, Supervisors and Senior Management and the results of the Company.
Actual remunerations payable to Directors, Supervisors and Senior Management	RMB11,673.7 thousand
Total actual remunerations of Directors, Supervisors and Senior Management at the end of the reporting period	RMB11,673.7 thousand

V. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

1. Changes of Directors

(1) On 28 May 2024, the Company convened the 2023 AGM, at which Ms. Chiu Lai Kuen, Susanna was re-elected as an Independent Non-executive Director of the Company for a term of three years, starting from the date when the resolution was passed at the AGM. Ms. Chiu Lai Kuen, Susanna also continued to serve as the chairman of the Audit Committee and a member of the Remuneration and Assessment Committee.

(2) On 29 October 2024, the Board of the Company received the written resignation from Mr. Xiong Min, an Executive Director. The resignation of Mr. Xiong Min as an Executive Director of the Company was due to the adjustment of his work arrangement, with effect from the date when a new Executive Director is elected by the shareholders of the Company at the EGM. On 3 December 2024, the Company convened the 2024 Second EGM, at which Mr. Xiao Jia was elected as an Executive Director of the Company for a term of three years, starting from the date when the resolution was passed at the 2024 Second EGM.

2. Changes of Supervisors

(1) On 26 October 2023, the Supervisory Committee of the Company received the written resignation from Mr. Peng Wen, the chairman of the Supervisory Committee. Due to adjustment of his work arrangement, Mr. Peng Wen resigned as a supervisor and the chairman of the Supervisory Committee of the Company. The resignation took effect from the date when a new supervisor was elected by the shareholders of the Company at the EGM. On 19 March 2024, the Company convened the 2024 First EGM, at which Mr. Zhao Feng was elected as a supervisor of the Company for a term of three years, starting from the date when the resolution was passed at the 2024 First EGM. On 20 March 2024, the Company convened the 2024 first extraordinary meeting of the Supervisory Committee, at which Mr. Zhao Feng was elected as the chairman of the Supervisory Committee of the Company.

(2) On 9 August 2024, Mr. Ma Xiuen resigned as the employee representative supervisor of the Company due to adjustment of his work arrangement, with effect from 9 August 2024. On 9 August 2024, the Company convened the employee representatives meeting, at which Mr. Wang Lingen was elected as the employee representative supervisor of the Company, which took effect from 9 August 2024 for a term of three years.

(3) On 3 December 2024, the Company convened the 2024 Second EGM, at which Mr. Cheng Xinsheng, an independent supervisor, has retired due to the expiry of his term of office, and Ms. Hu Zhaoling was elected as an independent supervisor of the Company for a term of three years, starting from the date when the resolution was passed at the 2024 Second EGM.

3. Changes of Senior Management

(1) On 18 June 2024, the Board of the Company received the written resignation from Ms. Chong Xiaojie, the CFO. Ms. Chong Xiaojie resigned as the CFO of the Company due to adjustment of her work arrangement, with effect from 18 June 2024.

(2) On 18 June 2024, the Company convened the meeting of the Board by way of circulating resolutions and appointed Mr. Qie Ji as the CFO of the Company, with effect from 18 June 2024.

(3) On 30 September 2024, the Company convened the meeting of the Board by way of circulating resolutions and appointed Mr. Zhou Jiaxiong as the vice president of the Company, with effect from 30 September 2024.

(4) On 29 October 2024, the Company convened the fourth meeting of the Board for 2024 and appointed Mr. Xiao Jia as the Senior Management of the Company, with effect from 29 October 2024.

(5) On 20 November 2024, the Board of the Company received the written resignation from Mr. Lu Tao. Mr. Lu Tao resigned as the president of the Company due to adjustment of his work arrangement, with effect from 20 November 2024.

(6) On 18 December 2024, the Company convened the fifth meeting of the Board for 2024 and appointed Mr. Wu Zixian as the vice president of the Company, with effect from 18 December 2024.

(7) On 23 December 2024, Mr. Sun Weizhou resigned as General Legal Counsel and Chief Compliance Officer of the Company due to the adjustment of his job responsibilities, with effect from 23 December 2024.

(8) On 9 January 2025, the Company convened the meeting of the Board by way of circulating resolutions and appointed Mr. Wu Zixian as the General Legal Counsel of the Company, with effect from 9 January 2025. The Company also appointed Mr. Wu Zixian as the Chief Compliance Officer of Company, with effect from 9 January 2025.

Save as disclosed above and in this annual report, there was no other information regarding the Directors, Supervisors and Senior Management of the Company required to be disclosed pursuant to Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VI. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(1) Employees

Number of in-service employees of the Company	13,350
Number of in-service employees of the major subsidiaries	2,159
Total number of in-service employees	15,509
The number of retired employees whose expenses are borne by the Company and its major subsidiaries	45

Composition of professions

Type of profession	Number of employees in the profession
Management sequence (M)	1,294
Technology sequence (T)	934
Business sequence (B)	9,636
Skilled workers sequence (W)	3,645
Total	15,509

Educational level

Type of educational level	Number of employees (Headcount)
Master degree or above	1,467
Bachelor degree	7,884
College graduates	2,880
Below college graduates	3,278
Total	15,509

(2) Remuneration Policy

As of 31 December 2024, the total number of in-service employees of the Company is 15,509. The Company strictly complied with the relevant provisions of the laws and regulations of China and other countries where it operates regarding the labor and employment, salary and welfare, and social insurances, adhered to the salary payment concept of "post value, ability level and performance contribution", aimed to stimulate vitality, improve efficiency and enhance core competitiveness, optimized and improved the dynamic distribution mechanism of total wages, highlighted the distribution subject status of frontline employees at the grassroots level, continuously stimulated employees' innovation and efficiency motivation, continued to improve the corporate vitality and efficiency, established a hierarchical and classified differentiated incentive and constraint mechanism, and strengthened the positive incentive intensity of key reform areas, key businesses and key groups. The Company continuously perfected and improved the employee welfare and insurance system and established a supplementary enterprise insurance system that is compatible with social insurance. The Company also provided a number of welfare including health check, paid vacation, helping and assisting those with difficulties or major diseases, etc., and made efforts to address the worries of employees, so as to provide multi-layered and comprehensive protection for employees.

During the reporting period, the Company and its main subsidiaries do not have share scheme.

(3) Training Programme

With regard to the training and development work, the Company centered on the training demand and goal of building a cadre and talent team required for building a world-class energy service company with Chinese characteristics, adhered to the "two consistencies", focused on the improvement of political, management and professional abilities, matched the training resources and curriculum system at levels and grades, explored the establishment of "empowerment centers of southern and northern regions", enriched and perfected its training system of "connecting strategy for the management, connecting performance for all employees, covering all employees, unifying standards, sharing resources, and cooperating with each other efficiently", and empowered organizations and employees in a two-way manner, so as to continuously contribute greater manpower value to the sustainable and high-quality development of the Company.

Report of the Board of Directors

The Board of Directors (the "Board") presents the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the year ended 31 December 2024.

THE BOARD'S WORK

The particulars of work of the Board and the special committees of the Board during the year are set out in the section headed "Corporate Governance Report" in this annual report.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of oilfield services including drilling services, well services, marine support services and geophysical acquisition and surveying services. The principal activities of the subsidiaries comprise provision of drilling, well workover and logging services. There were no significant changes in the nature of the Group's principal activities during the year. The review of the operating results of the Company during the reporting period and the future development outlook of the Company is set out in the section headed "Management Discussion and Analysis" in this annual report.

RISKS AND RESPONSE MEASURES

1. Major Potential Risks

During the production and operation process, the Company will take corresponding measures to try to avoid various operational risks, but it is not possible to completely exclude the occurrence of the following types of risks and uncertain factors in the actual production and operation process.

(1) Market competition risk. Fluctuations in the global economy and changes in demand had a direct impact on the oil and gas market. In 2024, as a result of the weak recovery of global economy, various uncertainties in the economic outlook and market demand below the expectation, the international oil price fluctuated in a downward trend. The traditional oil and gas resources development still accounted for the majority of the capital expenditures and the investment of major international oil companies in hotspots showed an upward trend. However, with the promotion of the global transformation to renewable energy and low-carbon energy and the competition in the clean energy market, the oil and gas companies further paid attention to operational efficiency and management costs. In the oilfield service market, there were many participants and their respective natural endowments were obviously different. With their strong capital strengths, innovative abilities and advanced technologies and equipment, the leading enterprises in the industry had obvious competitive advantages. Some small and medium-sized enterprises also had their places in the competition by providing special services or focusing on specific market areas. In the competition of specific projects, price, technical level and resource integration capability were still the important reference factors for customers to decide whether to award contracts. To sum up, the overall market still faces greater competition and operational pressure. The Company is still exposed to the short-term market competition risks.

(2) Health, safety and environmental risk. The supervision on the safety and environmental protection by the domestic and foreign governments continued to maintain a high-pressure trend, and the pressure of the safety and environmental protection compliance faced by the Company continued to increase. The workload of the Company continued to stay at a high level, the overseas high-end customer group continued to expand, the application of new processes, new equipment, and new technologies has been accelerated, and the number of key and difficult projects such as "new, excellent and fast" drilling mode and "double-deep" and "double-high" wells continued to increase, which imposed higher

requirements on the management and control of safety risks and the operation quality assurance capabilities of the Company. At the same time, the intensity and quantity of natural disasters such as typhoons and severe convective weather showed an upward trend, the safety management and control capabilities of old equipment and facilities and time chartered vessels needed to be further enhanced, and there was still a gap between the contractor's safety awareness and operational skills and the target requirements, making the safety management situation more complicated and changeable. With the influx of global contractors, the Company had to carry out in-depth standardization and institutionalization construction of the HSE management in the whole process and all links to ensure the unified and efficient implementation of safety standards. In addition, with the rapid development of international business, overseas projects and expatriate employees continued to increase, and the difficulty of public safety risk management significantly increased, especially in the Middle East, Africa, Mexico and other areas with complex security situations.

(3) Domestic and overseas business expansion and operational risks. The Company operates in various countries and regions around the world and has close communication with the local governments, enterprises and personnel. Due to various factors such as the economy, religions, humanity, policy, science and technology, information network security, legal and regulatory environment, as well as political instability, unstable fiscal and tax policies and barriers to entry in the countries where it operates, the domestic and overseas business expansion and operation of the Company may be affected. An overseas subsidiary of the Group is subject to tax obligation in its jurisdiction. COSL Mexico S.A. de C.V., a wholly-owned subsidiary of the Group, is involved in a tax dispute with the Servicio de Administración Tributaria. Different views taken by the Group and the Mexican tax authority over the interpretation and implementation of tax laws and regulations may increase the Group's tax liabilities. The management of the Group is continuously assessing the possible future impact of the above tax matter, and will maintain close communication with the tax authority.

(4) Exchange rate risk. Due to the Company's holding of US dollar debt and conducting business in multiple countries and regions overseas, which involves income and expenditure activities in multiple currencies, fluctuations in the exchange rate of Renminbi against relevant foreign currencies and exchange between currencies will affect the Company's operating costs. The Company follows up the exchange risk exposure and controls the exchange rate risk by conducting regular research and analysis of exchange rate trends.

(5) Risk of impairment of assets. According to the requirements of accounting standards, the Company should perform impairment testing on the assets that may have indicators of impairment on the balance sheet date. With the guarantee of national strategy and policy, the capital expenditures of oil and gas companies remain stable, and the performance growth of oilfield service companies is more certain. However, under the background of the fluctuations of oil prices at high level, the competition among oilfield service enterprises is increasingly fierce, and the Company may experience various impairment risks including impairment of fixed assets caused by the recoverable amount of some fixed assets is less than its book value.

(6) Accounts receivable recovery risk. When expanding markets, the Company may face some high-risk customers as well as small and medium-sized customers cooperated for the first time. If the customers do not abide by the contract to pay in full and on time, or if the small and medium-sized customers are unable to pay all operation payment due to poor management, it will lead to overdue accounts receivable or bad debt, increase the Company's collection costs and even cause the risk of capital losses, which will adversely affect operating cash flow.

2. **Risk Response Measures**

The Company organized all direct subordinate units to continuously improve the rule of law construction, internal control compliance and risk management organizations, which provided an important organizational guarantee for risk prevention and control. The Company strengthened the publicizing and implementation of the Management of Reports and Response on Major Business Risk Events, urged all direct subordinate units to implement the risk response measures. The Company held risk meetings and conducted trainings through various channels and forms to play the role of case warning, firmly established all employees' risk management awareness, actively carried out special investigation and control of major risks, improved risk identification and early warning capabilities, and enhanced coordinated management and control of risk. The Company actively carried out the retrospect of risk inspection for overseas units and risk prevention and control inspection for domestic units, continued to enhance its awareness of risks and capacity to risks response, established and improved a risk emergency management mechanism, continuously improved emergency disposal capabilities, constructed the risk coordinated management and control network and continued to improve the ability and level of prevention and resolution of major risks.

RESULTS AND DIVIDENDS

The Group's results prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2024 and the statement of financial position of the Group at that date are set out in the financial statements in this annual report on pages 94 to 99.

The Board recommended a dividend of RMB0.2306 per share (tax inclusive) for the year to shareholders who are entitled to dividends. This recommendation has been incorporated as proposed dividends within the retained profits section of the consolidated statement of balance sheet. The total dividend amounts to approximately RMB1,100,329,115.20 (tax inclusive). Further details of this accounting treatment are set out in Note 15 to the financial statements in this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2024 are set out in Note 22 to the financial statements in this annual report.

GEARING RATIO

The details of gearing ratio of the Group as at 31 December 2024 are set out in Note 46 to the financial statements in this annual report.

SHARE CAPITAL

During the reporting period, there were no changes in the share capital of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or Chinese laws which would oblige the Company to offer new shares in proportion to the existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, redeemed or sold any of its listing securities (including the sale of treasury shares) during the year. As at the end of the reporting period, neither the Company nor its subsidiaries held any treasury shares.

BONDS

In 2016, the Company successfully issued corporate bonds with an aggregate amount of RMB10 billion by two tranches.

The first tranche of the bonds was issued on 26 May 2016, with the actual issue size of RMB5 billion. The first tranche of the corporate bonds comprises two types: corporate bonds type I has a term of 3 years and has an actual issue size of RMB2 billion with final coupon rate of 3.14%; corporate bonds type II has a term of 10 years and has an actual issue size of RMB3 billion with final coupon rate of 4.10%.

The second tranche of the bonds was issued on 21 October 2016, with the actual issue size of RMB5 billion. The second tranche of the corporate bonds comprises two types: corporate bonds type I has an issue size of RMB2.1 billion and has a term of 5 years with an option for the issuer to adjust the coupon rate and the investors' option to sell back at the end of the third year and final coupon rate of 3.08%; corporate bonds type II has an issue size of RMB2.9 billion and has a term of 7 years with an option for the issuer to adjust the coupon rate and the investors' option to sell back at the end of the fifth year and final coupon rate of 3.35%.

The above two tranches of bonds were traded on the SSE on 29 June 2016 and 3 November 2016 respectively. The proceeds from the issuance of bonds would be used according to the agreed use in the prospectus and are proposed to fully repay the Company's debts and replenish working capital after deducting the issuance expenses. As at 31 December 2024, accumulated expenditures of two tranches of bonds amounted to RMB9,985,425,000. The proceeds were utilized in full.

In 2019, the principal and interest of type I of the first tranche of the corporate bonds have been fully paid. On 24 October 2019, part of type I of second tranche of the corporate bonds was sold back, with a resale amount of RMB1.9981 billion. The resale amount was released on 24 October 2019. On 25 October 2021, the principal and interest of type I of the second tranche of the corporate bonds have been fully paid, and such bonds have been fully repaid.

On 25 August 2021, the Company disclosed the Coupon Rate Adjustment Announcement, and exercised the coupon rate option to adjust the coupon rate of type II of second tranche of the corporate bonds to 2.90%. On 25 October 2021, part of type II of second tranche of the corporate bonds was sold back, with a resale amount of approximately RMB2.171 billion. The resale amount was released on 25 October 2021. On 24 October 2023, remaining part of type II of second tranche of the corporate bonds was paid, with a paid amount of approximately RMB729 million, and such bonds have been fully repaid.

The details of bonds issued by the Company during the reporting period are set out in Note 37 to the financial statements in this annual report.

PLACING OF H SHARES

On 15 January 2014, the Company completed the placing of an aggregate of 276,272,000 H shares, representing approximately 5.79% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 15.25% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares). After the placing, the total number of issued shares of the Company increased from 4,495,320,000 shares to 4,771,592,000 shares. The total number of issued H shares increased from 1,534,852,000 H shares to 1,811,124,000 H shares. For further details, please refer to the Company's announcements dated 7 January 2014 and 15 January 2014, respectively. The net proceeds from the placing amounted to approximately HK$5,819,392,302.91 (after deduction of the commissions and estimated expense) and used for general corporate purposes. The proceeds from the placing shares would be used according to the agreed use in the placing agreement. Approximately US$91,668.27 was not yet utilized as at 31 December 2024. The above balance of raised funds will continue to be used for general corporate purposes and in a timely manner and is expected to be utilized in full by 31 December 2026.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, and the assets and liabilities of the Group for the last five years in accordance with HKFRSs is set out below:

Unit: RMB'000

	2024	2023	2022 (Restated)	2021	2020
Revenue, net of sales surtaxes	**48,218,097**	44,042,241	35,610,128	29,168,479	28,925,315
Other income	**327,137**	309,718	342,172	557,411	438,024
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library	**(5,789,357)**	(5,195,328)	(4,685,573)	(4,503,772)	(4,335,730)
Depreciation of right-of-use assets	**(545,335)**	(415,317)	(367,115)	(363,007)	(480,380)
Employee compensation costs	**(8,391,877)**	(8,201,983)	(7,414,041)	(6,030,276)	(4,897,099)
Repair and maintenance costs	**(862,963)**	(601,614)	(594,825)	(479,014)	(435,878)
Consumption of supplies, materials, fuel, services and others	**(11,017,633)**	(10,101,768)	(9,080,592)	(6,572,746)	(6,290,190)
Subcontracting expenses	**(12,970,477)**	(11,420,862)	(8,164,558)	(5,643,164)	(4,768,526)
Lease expenses	**(2,117,417)**	(2,147,453)	(1,666,872)	(1,318,482)	(1,224,265)
Other operating expenses	**(1,808,651)**	(1,355,818)	(1,175,708)	(1,246,982)	(1,333,746)
Impairment of property, plant and equipment	**–**	–	(30,198)	(2,011,343)	(1,447,834)
Reversal/(recognition) of impairment losses under expected credit loss model, net of reversal	**6,090**	(56,579)	(49,435)	(15,758)	(7,778)
Total operating expenses	**(43,497,620)**	(39,496,722)	(33,228,917)	(28,184,544)	(25,221,426)
Profit from operations	**5,047,614**	4,855,237	2,723,383	1,541,346	4,141,913
Exchange gains/(losses), net	**42,540**	(37,143)	565,845	(165,389)	(403,839)
Finance costs	**(785,137)**	(996,796)	(777,108)	(831,257)	(924,485)
Interest income	**118,415**	181,132	123,432	123,932	69,644
Investment income	**1,298**	14,953	16,307	44,550	116,175
Gains arising from financial assets at fair value through profit or loss	**43,101**	71,135	65,263	62,740	26,572
Share of profits of an associate and joint ventures, net of tax	**218,686**	178,309	287,558	372,996	364,917
Other gains and losses, net	**(19,178)**	(23,959)	(23,201)	(59,368)	(12,157)
Profit before tax	**4,667,339**	4,242,868	2,981,479	1,089,550	3,378,740
Income tax expense	**(1,268,236)**	(960,240)	(482,275)	(767,500)	(660,424)
Profit for the year	**3,399,103**	3,282,628	2,499,204	322,050	2,718,316

ASSETS AND LIABILITIES

Unit: RMB'000

	2024	2023	2022 (Restated)	2021	2020
Total assets	**82,947,663**	83,245,834	77,160,739	73,311,708	75,942,308
Total liabilities	**38,523,127**	40,989,728	37,184,772	35,095,378	37,253,500

PROPERTY, PLANT AND EQUIPMENT

The details of the changes in property, plant and equipment of the Group are set out in Note 17 to the financial statements in this annual report.

DIVIDEND

The Company's dividend policy is: Dividend shall be determined by the Board of the Company according to overall financial condition of the Company, which includes but not limited to factors such as revenue and profits, capital requirements and surplus and future expectations for the Company. In ensuring the normal operation and sustainable development of the Company, and as long as the profit for the relevant year and accumulated retained profits remain positive, the annual dividend level shall not be lower than 20% of the total net profit for the year. The specific payout amount shall be finally approved by the shareholders in the general meeting.

The formulation and implementation of the Company's dividend policy are in compliance with the Articles of Association of the Company and the resolution of the general meeting. The distribution criterion and proportion are accurate and clear; and the related decision-making procedures and mechanism are thorough and complied. During the process of formulating and implementing the dividend policy, independent directors have fully performed and expressed their opinions and have fully taken into consideration the minority shareholders' opinions and requirements; and the legal rights of minority shareholders have been fully protected.

In 2024, based on a net profit of RMB3,399,103,292 achieved by the Group (of which net profit attributable to shareholders of parent company amounted to RMB3,136,991,876) plus the retained profits of RMB22,586,454,270 as at the beginning of the year and deducted the dividend of RMB1,002,034,320 declared and paid in 2024, the total retained profit would be RMB24,721,411,826 of the Group at the end of 2024. The Group recommended a dividend of RMB0.2306 per share (tax inclusive) on the basis that the total share capital was 4,771,592,000 shares as at 31 December 2024. The total dividend amounts to RMB1,100,329,115.20 and the balance of retained profits of RMB23,621,082,710.80 will be carried forward to the following years.

According to the Company Law and the Articles of Association of the Company, the accumulated statutory reserve fund of the Company for 2023 has reached more than 50% of the registered capital of the Company, and no further provision of such fund is required for this year.

Such distribution proposal will be proposed at the 2024 AGM for consideration and approval.

During the year ended 31 December 2024, the Company was not aware of any shareholder had waived or agreed to waive any dividend arrangement.

Dividend of the Group in the recent three years:

Unit: RMB'000

Dividend year	Amount of cash dividend per 10 shares (yuan) (tax inclusive)	Amount of cash dividend (tax inclusive)	Net profit attributable to equity holders of the Company in the consolidated financial statements	Percentage of net profit attributable to equity holders of the Company in the consolidated financial statements (%)
2024	2.306	1,100,329	3,136,992	35.08
2023	2.10	1,002,034	3,013,255	33.25
2022 (Restated)	1.60	763,455	2,358,697	32.37

CHARITABLE DONATIONS

During the year, the Group made charitable donations totaling RMB22.376 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, sales to the Group's five largest customers accounted for approximately 86.3% of the total sales for the year and sales to the largest customer accounted for approximately 77.4% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 19.1% of the total purchases for the year and purchases from the largest supplier accounted for approximately 9.1% of the total purchases for the year.

The Group has provided certain oilfield services to and obtained certain services from the companies with the same ultimate holding company of the Company, details of which are set out in the section headed "Connected Transactions" below. Save as aforesaid, none of the directors of the Company or any of their associates, and to the best knowledge of the directors, none of the shareholders who own more than 5% of the Company's issued share capital (excluding treasury shares), had any beneficial interest in the Group's five largest customers and five largest suppliers.

RELATIONSHIP WITH EMPLOYEES

Adhering to the "people-centered" management philosophy and insisting that the growth of employees is the cornerstone of enterprise development, the Group continuously optimizes and improves employee remuneration policies, strives to address employee concerns by providing comprehensive and full-cycle benefits to them, and provide employees with reliable and multi-level protection system.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group strives to establish and maintain long-term strong relationships with customers, and to improve their satisfaction by fully understanding and satisfying their needs. On the supplier side, the Group's objective is to maintain a mutually beneficial partnership with all suppliers.

ASSETS MEASURED AT FAIR VALUE

The majority of the assets of the Group were measured at historical cost, except for financial assets at fair value through profit or loss and bank acceptances included in notes receivable which have been measured at fair value. Internal control and review procedures have been taken by our audit department on works of finance department. For details of fair value changes in aforesaid financial assets of the Group during the reporting period, please see Note 45 to the financial statements in this annual report.

OUTLOOK OF THE COMPANY

For details, please refer to the business outlook of the Company as set out in the section headed "Management Discussion and Analysis" in this annual report.

CHARGE ON ASSETS

As at 31 December 2024, the Group had no material charges on its assets.

CONTINGENT LIABILITIES

For details of contingent liabilities of the Group as at 31 December 2024, please refer to Note 42(A) to the financial statements of this annual report.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors of the Company as at the date of this annual report were:

Executive Directors	Independent Non-executive Directors	Non-executive Directors	Supervisors
Zhao Shunqiang *(Chairman)*	Chiu Lai Kuen, Susanna	Fan Baitao	Zhao Feng *(Chairman of the Supervisory Committee)*
Lu Tao	Kwok Lam Kwong, Larry *(Note 1)*	Liu Qiudong	Hu Zhaoling *(Independent Supervisor)*
Xiao Jia	Yao Xin *(Note 2)*		Wang Lingen *(Employee Representative Supervisor)*

Pursuant to the Articles of Association of the Company, upon election, all directors and supervisors shall serve the office for three years, and may be re-elected upon the expiry of such tenure.

Pursuant to the Rule 3.13 of the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), the Company had received annual confirmations in respect of the independence from Chiu Lai Kuen, Susanna, Kwok Lam Kwong, Larry and Yao Xin and as at the date of this annual report, still considers them to be independent.

Notes: 1. *The three-year term of Mr. Kwok Lam Kwong, Larry, an independent non-executive Director, will expire on 31 May 2025. The Company will propose a resolution in relation to proposed re-appointment of Mr. Kwok Lam Kwong, Larry as an independent non-executive Director of the Company. For details, please refer to the announcement of the Company dated 25 March 2025.*

2. *The three-year term of Mr. Yao Xin, an independent non-executive Director, will expire on 22 August 2025. The Company will propose a resolution in relation to proposed re-appointment of Mr. Yao Xin as an independent non-executive Director of the Company. For details, please refer to the announcement of the Company dated 25 March 2025.*

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors, Supervisors and Senior Management of the Company are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The newly appointed directors and supervisors are required to enter into a service contract with the Company for a term of three years, renewable upon re-election. Details of the directors' and supervisors' remunerations for the year 2024 are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this annual report.

The Company has not entered into service contract which the Company cannot terminate within one year or is required to pay compensation for termination (other than statutory compensation) with Directors, Supervisors who intend to be re-elected at the forthcoming annual general meeting.

PERMITTED INDEMNITY PROVISIONS

The Company renewed Directors' liability insurance in 2024 with an insured amount RMB200 million. These liability insurances included permitted indemnity provisions. Save as disclosed above, the Company did not make any permitted indemnity provisions for the year ended 31 December 2024 and had no valid permitted indemnity provisions at the time of approval of the Report of the Board of Directors.

DIRECTORS' REMUNERATION

The remuneration of Directors and Supervisors are proposed by the Board of the Company with reference to the duties and responsibilities of the Directors and are subject to shareholder' approval at general meetings after consideration of the Remuneration and Assessment Committee's recommendation, and the performance and results of the Group.

The Remuneration and Assessment Committee had no objection to the remuneration of Directors, Supervisors and Senior Management disclosed in this annual report.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

During the reporting period, the Directors, Supervisors and related entities did not have a direct or indirect significant interest in any important transaction, arrangement or contract (subsisting during or at the end of the reporting period) that is material to the business of the Group.

SIGNIFICANT CONTRACTS

The Company has entered into several agreements with CNOOC Limited, a related company, and other companies within China National Offshore Oil Corporation ("CNOOC"), other than CNOOC Limited ("CNOOC Group"), for the provision of oilfield services by the Company to CNOOC Limited and CNOOC Group, and for the provision of various services by CNOOC to the Company. Further details of the transactions undertaken in connection with these contracts during the year are included in Note 44 to the financial statements in this annual report.

Save as disclosed above, no significant contract in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which the Directors of the Company had a material interest, whether directly or indirectly, subsisted at year end or at any time during the year.

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

As at 31 December 2024, none of the Directors, Supervisors and Senior Management of the Company or their respective associates had any interests or short positions 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 the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules.

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

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

INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or Senior Management of the Company, as at 31 December 2024, the following persons have 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 the Hong Kong Stock Exchange:

Name of shareholder	Nature of interests	Number of shares in interest (Share)	Approximate percentage of the interests (H Shares) in COSL (%)
BlackRock, Inc.	Interest in controlled corporation	113,572,682(L)	6.27(L)
		1,242,000(S)	0.07(S)
Pandanus Associates Inc.	Interest in controlled corporation	107,652,000(L)	5.94(L)
Brown Brothers Harriman & Co.	Interest in controlled corporation	98,075,499(L)	5.42(L)
		98,075,499(P)	5.42(P)
FIDELITY FUNDS	Interest in controlled corporation	90,778,000(L)	5.01(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 shall be registered pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

Under the Listing Rules, connected transactions of the Company must be fully disclosed and are subject to the independent shareholders' approval, if the transaction is over a certain amount. The Company has applied to the Hong Kong Stock Exchange at the time of listing on the Hong Kong Stock Exchange for a waiver from strict compliance with the notification, announcement and independent shareholders' approval requirements in respect of the continuing connected transactions of the Company and the Hong Kong Stock Exchange has granted a waiver in respect of such requirements for a period of three years, subject to the approval from independent shareholders with compliance to the requirements of the Listing Rules in respect of the continuing connected transactions of the Company upon expiry. During the year ended 31 December 2024, the Group had the following continuing connected transactions:

1. Master Services Framework Agreement

In 2022, the Company renewed connected transactions expired at the end of 2022.

The Company has entered into a new Master Services Framework Agreement with CNOOC on 27 October 2022. Pursuant to the new Master Services Framework Agreement, the Group has agreed to continue to provide the Oilfield Services to the CNOOC and its subsidiaries, and the CNOOC and its subsidiaries has agreed to continue to provide the Machinery Leasing, Kinetic Energy, Material and Other Ancillary Services as well as the Property Services to the Group.

The resolution in respect of the continuing connected transactions for the three years from 1 January 2023 to 31 December 2025 was approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2022. For details, please refer to the announcements of the Company dated 27 October 2022 and 22 December 2022.

CNOOC holds 50.53% of the shares of the Company, and is the controlling shareholder of the Company. As such, CNOOC is a connected person of the Company under the Listing Rules.

Pursuant to the Master Services Framework Agreement, the annual caps of the continuing connected transactions of the Group under the Master Services Framework Agreement for the years ended/ending 31 December 2023, 2024 and 2025 are as follows:

	For the year ended 31 December 2023 (RMB million)	**For the year ended 31 December 2024 (RMB million)**	For the year ending 31 December 2025 (RMB million)
Annual caps			
– Provision by the Group of Oilfield Services to CNOOC and its subsidiaries	45,104	**47,478**	49,925
– Provision by CNOOC and its subsidiaries of Machinery Leasing, Kinetic Energy, Material and Other Ancillary Services to the Group	6,256	**6,837**	7,496
– Provision by CNOOC and its subsidiaries of Property Services to the Group	673	**734**	804

2. Financial Services Framework Agreement

The Company entered into a new Financial Services Framework Agreement (formerly known as the Deposit and Settlement Agreement) with CNOOC Finance Corporation Limited (hereinafter referred to as "CNOOC Finance") on 8 May 2023. Pursuant to the new Financial Services Framework Agreement, CNOOC Finance has agreed to continue to provide the Cash Depository Services, the Settlement Services, the Loan Services and Other Financial Services to the Group. The Financial Services Framework Agreement took effect from 8 May 2023 for a term of three years and will expire on 7 May 2026.

CNOOC Finance is a non-bank financial institution which is wholly owned by CNOOC and its associates. As such, CNOOC Finance is a connected person of the Company under the Listing Rules.

Pursuant to the Financial Services Framework Agreement, the continuing connected transactions of the Group under the Financial Services Framework Agreement for the period from 8 May 2023 to 7 May 2026 shall satisfy the following agreements: the maximum daily balance of deposits (including interest receipts in respect of these deposits) shall not exceed RMB1,800 million; the total maximum amount of the services fees in respect of Other

Financial Services shall not exceed RMB3 million for the period from 8 May 2023 to 31 December 2023, the year ended 31 December 2024, the year ending 31 December 2025 and the period from 1 January 2026 to 7 May 2026; and the maximum daily balance of loans shall not exceed RMB3,900 million, respectively. Other Financial Services described above refer to the discounting services, the entrustment loans services and the letter of guarantee services provided by CNOOC Finance to the Group and businesses including the acceptance of commercial bills within the credit lines to be granted by CNOOC Finance under the Financial Services Framework Agreement.

During the year ended 31 December 2024, actual transaction amounts of the above-mentioned connected transactions of the Group are as follows:

a. Included in revenue

		2024 RMB'000	2023 RMB'000
i	**CNOOC Limited Group**		
	– Provision of drilling services	7,613,716	8,194,841
	– Provision of well services	23,692,096	21,736,778
	– Provision of marine support services	4,269,336	3,411,480
	– Provision of geophysical acquisition and surveying services	1,625,822	1,939,479
		37,200,970	35,282,578
ii	**CNOOC Group**		
	– Provision of drilling services	60,421	18,888
	– Provision of well services	433,250	441,282
	– Provision of marine support services	72,484	83,249
	– Provision of geophysical acquisition and surveying services	93,492	81,589
		659,647	625,008
iii	**Associates invested by CNOOC**		
	– Provision of drilling services	–	50,710
	– Provision of well services	9,574	307,278
	– Provision of marine support services	1,492	7,269
	– Provision of geophysical acquisition and surveying services	–	63
		11,066	365,320

During the current year, the revenue arising from operating leases from CNOOC Limited Group was RMB188,218,000 (2023: RMB277,051,000), the revenue arising from operating leases from CNOOC Group was RMB14,814,000 (2023: RMB6,173,000).

b. Included in operating expenses

		2024 RMB'000	2023 RMB'000
i	**CNOOC Limited Group**		
	Materials, utilities and other ancillary services	47,943	50,786
	Transportation services	626	800
	Leasing of equipment	1,358	688
	Management services	2,500	289
	Labour services	6,185	15,955
		58,612	68,518
	Property services	33,525	44,016
		92,137	112,534
ii	**CNOOC Group**		
	Materials, utilities and other ancillary services	1,332,680	1,586,843
	Leasing of equipment	189,113	217,324
	Transportation services	59,453	57,754
	Management services	23,808	32,597
	Repair and maintenance services	9,928	8,399
	Labour services	70,584	86,262
		1,685,566	1,989,179
	Property services	147,067	156,938
		1,832,633	2,146,117
iii	**Associates invested by CNOOC**		
	Materials, utilities and other ancillary services	323,276	163,141
	Management services	315	3,399
		323,591	166,540

c. Included in interest income

	2024 RMB'000	2023 RMB'000
CNOOC Finance interest income	29,296	20,862

Deposits in CNOOC Finance carry interests at the applicable interest rate which is determined with reference to the prevailing bank rates published by the People's Bank of China.

d. Dividend from joint ventures

	2024	2023
	RMB'000	RMB'000
Dividend from joint ventures	**88,868**	102,502

e. Included in finance costs

During the current year, the finance costs on the loan from related parties were US$34,693,000 (2023: US$44,968,000), which is equivalent to approximately RMB249,055,000 (2023: RMB316,878,000).

During the current year, the finance costs on the lease liabilities due to related parties were RMB36,350,000 (2023: RMB13,937,000).

f. Deposits

	31 December 2024	31 December 2023
	RMB'000	RMB'000
Deposits placed with CNOOC Finance	**1,799,970**	1,781,695

g. During the current year, the other income from CNOOC Limited Group in respect of compensation for equipment dropping into wells when rendering services was RMB3,059,000 (2023: RMB1,189,000).

h. Right-of-use assets

The Group entered into certain lease agreements with related parties and recognized right-of-use assets and lease liabilities on lease commencement. The following is addition of right-of-use assets from related parties:

	2024	2023
	RMB'000	RMB'000
CNOOC Limited Group	**11,387**	–
CNOOC Group	**113,266**	–
	124,653	–

The independent shareholders of the Company have approved the connected transactions set out in items a and b above on 22 December 2022. For items c to h above, the transactions were exempted from the independent shareholders' approval requirement of the Listing Rules and were approved by the Independent Directors.

The Independent Non-executive Directors have reviewed the above transactions and have confirmed that:

1. the transactions were entered into between the Group and the connected persons or their respective associates (where applicable) in the ordinary and usual course of business of the Group;

2. the transactions were entered into on normal commercial terms or better;

3. the transactions were executed in accordance with the relevant agreements governing such transactions, on terms that are fair and reasonable and in the interests of the shareholders as a whole; and

4. the above transactions were entered into with the annual aggregate value within the relevant annual cap of each category.

The auditors of the Company have reviewed the above connected transactions and issued a letter to the Company indicating that:

1. the above transactions were approved by the Board of the Company;

2. in case the above transactions involved provision of goods or services, they were conducted in accordance with the pricing policy of the Company;

3. the above transactions were conducted in accordance with the terms of the agreement governing such transactions; and

4. the above transactions (where applicable) did not exceed the relevant annual cap previously disclosed in the announcements of the Company.

The Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules in respect of the above connected transactions. Save as disclosed above, other related party transactions disclosed in Note 44 to the financial statements in this annual report do not constitute the connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

There are relatively more connected transactions between the Company and its connected persons such as CNOOC Limited. It is due to the franchise system and development history of exploitation of offshore petroleum resources in cooperation with other enterprises which fulfill the requirements of the industrial policies in China. These connected transactions become the main source for generating business revenues of the Company and are important to the development of the Company. The actual operation situation of the Company since it has been listed is able to prove that connected transactions are indispensable to reaching the development of the Company. The contract prices of connected transactions of the Company are determined according to the public tendering or negotiation, which complies with the principles of fairness, openness and justness and is beneficial to both the development of the Company's main business and the maximization of the shareholders' interests. It is proved that conducting connected transactions is necessary and will be continued.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at the date of this annual report.

AUDIT COMMITTEE

Before the field work of the auditors for annual audit, the Audit Committee of the Group reviewed the audit plan and other relevant information submitted by the certified public accountant in accordance with the requirements under the relevant notices from China Securities Regulatory Commission, and approved the annual audit plan and work schedule formulated by the Company and auditors for annual audit and confirmed effective communications with the auditors for annual audit before and after such field work and suggested related opinion with regard to related work.

The annual results of the Group have been reviewed by the Audit Committee of the Board which consists of three independent non-executive directors. The committee has reviewed the accounting principles and practices adopted by the Company, and has also discussed audit, risk management, internal control and financial reporting matters including the review of 2024 audited annual results with the management.

BUSINESS PLAN

The details of the business plan are set out in the section headed "Management Discussion and Analysis" in this annual report.

CORPORATE GOVERNANCE CODE AND MODEL CODE FOR SECURITIES TRANSACTIONS

For the reporting period, the Company's compliance with the Corporate Governance Code is set out in the section headed "Corporate Governance Report" in this annual report. Upon specific enquiry to each and every director by the Company, the Board confirms that all members of the Board, for the reporting period, have complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules.

AUDITORS

These financial statements have been audited by Ernst & Young, who will retire at the forthcoming AGM at which a resolution for re-appointing Ernst & Young Hua Ming LLP and Ernst & Young as the domestic and international auditors of the Company will be proposed.

EXECUTION OF THE INSIDER MANAGEMENT SYSTEM

The Company continuously strengthened the regular registration and management of insiders, strictly complied with laws and regulations related to inside information, actively promoted the implementation of regulatory requirements for insiders, and constantly enhanced the awareness of confidentiality of insiders.

All Directors and Supervisors of the Company confirmed that they had not traded the Company's securities in violation of rules in the reporting period. Furthermore, pursuant to requirements of Regulatory Guidelines for Listed Companies No. 5 – Registration and Management Policies on Insiders of Listed Companies issued by China Securities Regulatory Commission, the Company also conducted self-assessment on whether there have been share transactions by any insider of the Company other than directors and supervisors during the reporting period, and did not find any insider trading of the Company's securities in violation of rules.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company adhered to the environmental protection management approach of "caring for the environment, energy conservation and efficiency improvement, and green development", and appointed 518 full-time and part-time employees engaged in environmental protection management, which build the Company's organizational structure of environmental protection management. Focusing on the goal of "zero environmental damage", the Company continued to improve the ecological and environmental protection management system, formulated the systems related to wastewater, exhaust, noise and solid wastes, developed a list of job responsibilities for ecological and environmental protection, and enhanced the implementation of responsibilities. With the special management plan on the ecological and environmental protection as the main line, the Company strictly controlled environmental protection risk, and organized and carried out special investigation and treatment on risks such as offshore oil spill, soil and groundwater pollution, volatile organic compound management, operation of environmental protection equipment and facilities and solid and hazardous waste management on a regular basis to comprehensively enhance the Company's ability to manage and control the environmental risk. The Company actively organized and carried out ecological and environmental protection training, and continuously improved the quality of ecological and environmental protection management employees. The Company vigorously advocated green and low-carbon production and lifestyle and comprehensively enhanced employees' ecological and environmental protection awareness by carrying out the publicity activities of ecological and environmental protection.

In 2024, the 12 LNG powered vessels built by the Company were put into operation, and the usage of LNG increased by 47% on a year-on-year basis. The Company actively explored the application of battery energy storage technology in the field of vessels, and completed the transformation of installing battery power on an LNG powered vessel, achieving good results in energy saving and carbon reduction of vessels. The Company promoted renewable energy to replace fossil fuels. In 2024, the photovoltaic projects in 2 land parks were successively connected to the grid for power generation, 10 offshore rigs were connected to the shore power, and the electrification transformation of Xinjiang land drilling rigs was completed. The Company actively promoted the efficient utilisation of energy. In 2024, the Company installed and used a rig flywheel energy storage device and a flue gas waste heat utilisation device, and completed the medium and heavy repairs of the diesel engines of 26 offshore rigs, improving the operation efficiency of equipment, reducing energy consumption and further reducing carbon emissions.

The Company adhered to the principle of "3R (Reducing, Reusing and Recycling)" to implement waste management, and maximized waste resource recycling and utilisation. The Company entrusted professional disposal agency to dispose of the wastes with no reuse value, tracked it to the end management to ensure that all wastes were disposed in compliance with laws and regulations, and resolutely prevent the risk of environmental pollution.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company insists to govern the Company according to laws, strictly follows laws and regulations of the countries where it has operation, and implements industry standards, and provides qualified and highly effective professional services to clients in a sustainable way. Through implementation of systematic management, the Company practically complies with the safety production, environmental protection laws and regulations, strives for safety production, environment protection, clean production and energy saving, protects the safety and health of staff, and protect the environment from being harmed, continues to improve the quality, health, safety and environmental management level.

MANAGEMENT CONTRACTS

No contracts concerning management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

EQUITY-LINKED AGREEMENTS

As at 31 December 2024, the Company did not enter into any equity-linked agreement.

BUSINESS COMPETITION WITH CONTROLLING SHAREHOLDERS, DIRECTORS AND SUPERVISORS

There is no substantial competition between the Company and CNOOC (including CNOOC's subsidiaries), the controlling shareholder of the Company. On 27 September 2002, CNOOC and the Company entered into a Non-competition Agreement, pursuant to which CNOOC has undertaken that there is no competition between CNOOC and the Company, and CNOOC will take various measures to avoid new competition.

During the reporting period, none of the Directors, Supervisors of the Company and their associates directly or indirectly competed with the business of the Company or had an interest in a business that may constitute competition.

OTHER DISCLOSURE

An analysis of the Company's performance using key financial performance indicators is set out in the section headed "Management Discussion and Analysis" in this annual report; particulars of important events affecting the Company that have occurred during the reporting period and/or since the end of the reporting period can be found in the section headed "Significant Events" in this annual report. In addition, discussions on the Company's environmental policies and performance are included in the "2024 Environmental, Social and Governance (ESG) Report", which will be published along with this annual report on the website of the Hong Kong Stock Exchange. These discussions form part of the Report of the Board of Directors.

On behalf of the Board
Zhao Shunqiang
Chairman
25 March 2025

Supervisory Committee Report

In 2024, the Supervisory Committee of the Company has diligently performed its responsibilities in accordance with relevant requirements of the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Articles of Association of China Oilfield Services Limited (hereinafter referred to as the "Articles of Association") and the Rules of Procedure of the Supervisory Committee. During the reporting period, the Supervisory Committee supervised and examined the procedures for decision making, the operating situation according to the law, financial reports disclosure and the construction and operation of the internal control system of the Company, and provided necessary protection for the legal benefits of the shareholders, the Company and the staff.

In 2024, the Company successively convened seven Supervisory Committee's meetings. Members of the Supervisory Committee attended the general meetings, Board meetings and special Board Committee Meetings of the Company and attended the important management meetings of the Company. The Supervisory Committee kept abreast of the issues of the Company daily production and operating activities, and carried out the supervision and inspection on compliance operation and risk control from procedures to content to ensure more perfection. During the reporting period, the operation of the Supervisory Committee and its opinions on the Company's supervision and inspection are as follows:

I. CHANGES OF MEMBERS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

On 26 October 2023, the Supervisory Committee of the Company received the written resignation from Mr. Peng Wen, the chairman of the Supervisory Committee. Due to the adjustment of his work arrangement, Mr. Peng Wen resigned as a supervisor and the chairman of the Supervisory Committee of the Company, with effect from the date when a new supervisor is elected by the shareholders of the Company at the extraordinary general meeting. On 19 March 2024, the Company convened the 2024 first extraordinary general meeting, at which Mr. Zhao Feng was elected as a supervisor of the Company for a term of three years, starting from the date when the resolution was passed at the 2024 first extraordinary general meeting. On 20 March 2024, the Company convened the 2024 first extraordinary meeting of the Supervisory Committee and elected Mr. Zhao Feng as the chairman of the Supervisory Committee.

On 9 August 2024, the Company convened the employee representatives meeting, at which Mr. Wang Lingen was elected as the employee representative supervisor of the Company for a term of three years, with effect from 9 August 2024. Mr. Ma Xiuen ceased to be the employee representative supervisor of the Company since 9 August 2024.

On 3 December 2024, the Company convened the 2024 second extraordinary general meeting, at which Mr. Cheng Xinsheng, an independent supervisor, has retired due to the expiry of his term of office and Ms. Hu Zhaoling was elected as an independent supervisor of the Company for a term of three years, starting from the date when the resolution was passed at the 2024 second extraordinary general meeting.

As at the date of this report, Mr. Zhao Feng served as the chairman of the Supervisory Committee, Mr. Wang Lingen served as the employee representative supervisor and Ms. Hu Zhaoling served as the independent supervisor.

II. OPERATION OF THE SUPERVISORY COMMITTEE

(1) The Supervisory Committee considered all topics and reviewed the compliance in respect of procedures for convening Board meetings and resolutions.

On 20 March 2024, the Supervisory Committee convened the 2024 first extraordinary meeting of the Supervisory Committee, and considered and approved the resolution of election of Mr. Zhao Feng as the Chairman of the Supervisory Committee of the Company.

On 26 March 2024, the Supervisory Committee convened the 2024 first meeting of the Supervisory Committee, considered and approved the 2023 Annual Report of the Company and expressed review opinion, considered and approved the Supervisory Committee Report for the year 2023 and the resolution of the Profit Distribution of the Company for the year 2023, and expressed opinion on the compliance in respect of the meeting procedure and matters under discussion of the 2024 first meeting of the Board of Directors.

On 25 April 2024, the Supervisory Committee convened the 2024 second meeting of the Supervisory Committee, considered and approved the 2024 First Quarterly Report of the Company and expressed review opinion, and expressed opinion on the compliance in respect of the meeting procedure and matters under discussion of the 2024 second meeting of the Board of Directors.

On 15 August 2024, the Supervisory Committee convened the 2024 second extraordinary meeting of the Supervisory Committee, and expressed opinion on the compliance in respect of the meeting procedure and matters under discussion of the 2024 first extraordinary meeting of the Board of Directors.

On 27 August 2024, the Supervisory Committee convened the 2024 third meeting of the Supervisory Committee, considered and approved the 2024 Interim Report of the Company and expressed review opinion, and expressed opinion on the compliance in respect of the meeting procedure and matters under discussion of the 2024 third meeting of the Board of Directors.

On 29 October 2024, the Supervisory Committee convened the 2024 fourth meeting of the Supervisory Committee, considered and approved the 2024 Third Quarterly Report and expressed review opinion, considered and approved the resolution of the nomination of candidate for Independent Supervisor of the Company, and expressed opinion on the compliance in respect of the meeting procedure and matters under discussion of the 2024 fourth meeting of the Board of Directors.

On 18 December 2024, the Supervisory Committee convened the 2024 fifth meeting of the Supervisory Committee, and expressed opinion on the compliance in respect of the meeting procedure and matters under discussion of the 2024 fifth meeting of the Board of Directors.

(2) The members of the Supervisory Committee attended meetings of the special committees of the Board of Directors as non-voting delegates.

The members of the Supervisory Committee listened to the matters in respect of the financial reports, the operation of internal control system prepared by the management of the Company and the establishment and the assessment of key performance indicators on the management, and listened to special reports in relation to the operation, major financial matters and the nomination of the candidates for Directors and Senior Management of the Company.

(3) The Supervisory Committee had given its professional review opinion in respect of the 2023 Annual Report, the 2024 First Quarterly Report, the 2024 Interim Report and the 2024 Third Quarterly Report.

(4) The Supervisory Committee reviewed the operation of internal control system and risk management of the Company.

(5) The members of the Supervisory Committee attended general meetings of the Company.

Supervisors Peng Wen, Cheng Xinsheng and Ma Xiuen attended the 2024 First EGM. Supervisors Zhao Feng, Cheng Xinsheng and Ma Xiuen attended the 2023 AGM, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting. Supervisors Zhao Feng, Cheng Xinsheng and Wang Lingen attended the 2024 Second EGM.

(6) Actively participated in trainings to enhance the duty performance ability.

Participating in the "Training on New Regulations on Duty Performance for Independent Directors and Dividend Distribution of Listed Companies in Tianjin" hosted by Tianjin Association for Public Companies on 28 March 2024;

Participating in the "Warning Training on Cases of Violations of Laws and Regulations of Listed Companies" hosted by Tianjin Association for Public Companies on 27 June 2024;

Participating in the "Training on the New Company Law" hosted by Tianjin Association for Public Companies on 4 July 2024.

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

(1) The Company's Operating Situation According to the Law

After supervising and examining the performance of duties by the Board of Directors and Senior Management, and the construction and operation of internal control system of the Company, the Supervisory Committee was of the opinion that the procedures for convening the Board meetings, agendas and the relevant resolutions made by the meetings during the reporting period were in compliance with relevant requirements of the laws, regulations and the Articles of Association. Directors and Senior Management of the Company have not been found violating any relevant laws, regulations or the Articles of Association when performing duties of the Company and have not been found behaving in such a way that would damage the interests of the Company and the shareholders.

(2) Financial Operation of the Company

The Supervisory Committee has supervised and examined the financial management system, the operation and major financial matters of the Company by attending the Board meetings and the meetings of the Audit Committee under the Board and has reviewed relevant financial information of the Company. After such examination, the Supervisory Committee was of the opinion that the Company was in strict compliance with the financial laws and regulations and the financial system. The financial management system of the Company was healthy and effective, the accounting treatment are consistent while the financial statements were true and reliable. Based on the Hong Kong Standards on Auditing, Ernst & Young has audited the financial statements of the Company prepared in accordance with the HKFRSs. Based on the China Standards on Auditing, Ernst & Young Hua Ming LLP has audited the financial statements of the Company prepared in accordance with China's Accounting Standard for Business Enterprises and has issued standard unqualified audit reports. The Supervisory Committee considered the financial statements were objective and fairly reflected the financial position and the results of operation of the Company.

(3) Related Party Transactions

During the reporting period, all the related party transactions entered between the Company and CNOOC and its affiliates had complied with all the relevant requirements of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange and those transactions were necessary for the production and operation of the Company and were at fair terms and in the interests of the Company and its shareholders as a whole.

(4) Management Situation and Internal Control of the Company

The Supervisory Committee is of the opinion that during the reporting period and under the effective management of the Board and the management, the Company has continuously improved its internal control systems, enhanced the risk management capability to ensure regulated and steady operation of the Company. The Supervisory Committee is of the opinion that the Internal

Control Assessment Report of the Company was comprehensive, objective and matched the actual situations of the Company.

(5) The Performance of Responsibilities of Directors and Senior Management

The Supervisory Committee is of the opinion that the Board of Directors of the Company, both collectively and individually, have earnestly performed their duties with integrity and diligence, and each Director has earnestly understood the operating situation of the Company and thoroughly discussed the Company's affairs before making decisions. The management of the Company conscientiously performed their duties according to their terms of reference and implemented the decisions of the Board in a scientific way.

(6) Execution of the Insiders' Information Management System

The Supervisory Committee is of the opinion that, during the reporting period, the Company could perform the insiders' information management strictly in accordance with laws and regulations and relevant systems of the Company, and the Supervisory Committee did not recognize any insider trading which prejudice the interests of the Company and shareholders by Directors, Supervisors and Senior Management of the Company as well as the related insiders.

(7) External Guarantee

By attending the General Meetings, Board Meetings and special Board Committee Meetings, the Supervisory Committee is of the opinion that, during the reporting period, provision of guarantee by the Company to its subsidiaries is in accordance with the requirements of laws and regulations and the Articles of Association, which has been under necessary approval procedure and the Company has disclosed related information to comply with the requirements. The accumulated and current provisions of external guarantee by the Company were true.

(8) Other Information

By participating in the annual assessment on the management of the Company, the Supervisory Committee is of the opinion that the annual assessment on the management is conducted by the Board of the Company in strict compliance with the Articles of Association and procedures approved at the general meetings and the Supervisory Committee has no disagreement over the result of the assessment.

IV. WORK PLAN OF THE SUPERVISORY COMMITTEE IN 2025

In 2025, the Supervisory Committee of the Company will continue to strictly abide by the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure of the Supervisory Committee. Adhering to the spirit of being highly responsible to all Shareholders and the employees of the Company, the Supervisory Committee will diligently perform its supervisory duties. We will continue to exercise effective supervision and review over production and operation and the decision-making procedure and content of major matters of the Company by attending General Meetings and Board meetings of the Company and participating in important meetings of the Company, so as to review various proposals of the Supervisory Committee. Continue to strengthen the effectiveness of supervision and inspection, regularly review and check the Company's financial information and financial status and internal control, keep attention and supervision on the performance of Directors and Senior Management of the Company, and ensure that the Company's operating activities are fully in compliance with laws and regulations. We will further enhance the professional skills and ability to perform duties of the Supervisors Committee by participating in professional training and the study of relevant laws and regulations, so as to better safeguard the legitimate rights and interests of the Company and Shareholders.

For and on behalf of the Supervisory Committee
Zhao Feng
Chairman of the Supervisory Committee
25 March 2025

Significant Events

(I) SIGNIFICANT RELATED PARTY TRANSACTIONS

Further details on related party transactions are given in Note 44 to the financial statements of this annual report.

(II) GUARANTEE

Unit: Yuan Currency: RMB

External guarantee provided by the Company (excluding guarantee to subsidiaries)	
Total amount of guarantee occurred during the reporting period (excluding guarantee to subsidiaries)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding guarantee to subsidiaries)	0
Guarantee provided by the Company and its subsidiaries to subsidiaries	
Total amount of guarantee occurred to subsidiaries during the reporting period	22,512,707,211.73
Total balance of guarantee provided to subsidiaries at the end of the reporting period (B)	22,329,103,772.13
Total guarantee provided by the Company (including guarantee to subsidiaries)	
Total amount of guarantee (A+B)	22,329,103,772.13
Total amount of guarantee as a percentage of the Company's net assets (%)	50.26
Including:	
Amount of guarantee provided to shareholders, the actual controller and its related parties (C)	0
Amount of debt guarantee directly or indirectly provided to parties with gearing ratio over 70% (D)	18,617,026,914.24
The excess of total amount of guarantee over 50% of the net assets (E)	116,835,820.13
Total amount of the three guarantees above (C+D+E)	18,733,862,734.37
Unexpired guarantee may be jointly and severally liability	N/A

Guarantee details	(1)	Guarantee provided by the Company to subsidiaries includes the guarantee to its subsidiaries in favour of US$500 million medium-term notes issued by a subsidiary in 2015, and US$800 million notes issued by a subsidiary in 2020.
	(2)	Subject parties with gearing ratio over 70% are wholly-owned subsidiaries of the Company.
	(3)	The resolution of provision of guarantees for wholly-owned subsidiaries by the Company was considered and approved at the first meeting of the Board of Directors for 2024 on 26 March 2024. The above resolution was considered and approved at the 2023 AGM of the Company on 28 May 2024.

(III) ENGAGEMENT AND DISMISSAL OF AUDIT FIRMS OF THE COMPANY

Unit: RMB million

	Currently appointed
Name of domestic audit firm	Ernst & Young Hua Ming LLP
Remuneration of domestic audit firm	–
The audit service period of domestic audit firm	4 years
Name of certified public accountant of domestic audit firm	An Xiuyan, He Xin
Accumulated term of audit services by certified public accountant of domestic audit firm	4 years
Name of international audit firm	Ernst & Young
Remuneration of international audit firm	–
The audit service period of international audit firm	4 years
Remuneration of domestic and international audit firm	16.55

	Name	**Remuneration**
Audit of internal control by audit firm	Ernst & Young Hua Ming LLP	Note: Remuneration of internal control audit was included in “remuneration of domestic and international audit firm”.

The Company has not changed its auditors in the past three years.

Note: On 28 May 2024, the re-appointment of Ernst & Young Hua Ming LLP and Ernst & Young as the domestic and international auditors of the Company for 2024 respectively was approved at the 2023 AGM of the Company.

(IV) SUBSEQUENT EVENTS

Save as disclosed in this annual report, there were no other events that have material impact on the Group from the end of the Reporting Period to the date of this annual report.

Independent Auditor's Report

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To the shareholders of China Oilfield Services Limited
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Oilfield Services Limited (the "Company") and its subsidiaries (the "Group") set out on pages 94 to 184, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment	
As at 31 December 2024, the carrying amount of property, plant and equipment of the Group, including drilling rigs, rigs and vessels, was RMB50,459,844,000, which was material to the consolidated financial statements. The capital expenditures of oil and gas companies remained stable under the protection of national strategies and policies. It was strongly certain of the earnings growth in the oilfield service companies. At present, although the global economy is further recovering and energy demand is increasing, which has led to a continuous rise in oil and gas prices, due to the increasingly fierce competition among oilfield service enterprises, the day rates and utilisation rates of some large-scale equipment of the Group are still affected by the volatile market demand, and there were impairment indicators for certain drilling rigs and vessels. Management performed impairment assessment accordingly by determining the recoverable amount of the relevant cash-generating units based on the value-in-use calculation or the fair value less cost of disposal according to appraisal report. The assessment of their value-in-use and fair value less costs of disposal was complex and involved significant judgement by management, subjective assumptions and estimation uncertainty, including the future utilisation rates, day rates, discount rates and the demand in future international oilfield service market. As a result of the impairment assessment, management has not provided for impairment of property, plant and equipment during the year ended 31 December 2024. The Group's disclosures about the impairment of property, plant and equipment are included in Note 3.2 *Material accounting policies*, Note 4 *Significant accounting judgements and estimates* and Note 17 *Property, plant and equipment* to the consolidated financial statements.	We understood and evaluated the key controls over the impairment assessment of property, plant and equipment, and tested the design and operating effectiveness of these key controls. Among other audit procedures performed, we understood and evaluated management assessment of impairment indicators, reviewed the underlying data used by management and tested the arithmetic accuracy of the impairment assessment. We also evaluated the significant assumptions used in the calculations, including the future utilisation rates, day rates, discount rates and the demand in future international oilfield service market by comparing them to historical operation data and external industry outlook reports. In addition, we involved our valuation specialists to assist us in assessing the valuation methodologies and the assumptions used, including the discount rates. We also assessed the adequacy of the Group's relevant disclosures included in the consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of accounts receivable assessed individually	
As at 31 December 2024, the net amount of accounts receivable for which expected credit losses were assessed individually by the Group, after net of the expected credit loss, was RMB13,443,487,000, which were material to the consolidated financial statements. Management assessed impairment of accounts receivable for significant balances and insignificant balances with specific risks for expected credit losses individually. The individual assessment of accounts receivable for expected credit losses was complex and significant estimation and judgement were required in determining the expected credit losses by management. In assessing the expected credit losses for above accounts receivable, management considered the specific factors, such as the historical loss experience, the creditworthiness of the debtors, the ageing of the balances and the forward-looking information. The Group's disclosures about the impairment assessment of account receivables are included in Note 3.2 *Material accounting policies*, Note 4 *Significant accounting judgements and estimates* and Note 26 *Accounts receivable* to the consolidated financial statements.	We understood and evaluated the key controls over the impairment assessment of accounts receivable, and tested the design and operating effectiveness of these key controls. Among other audit procedures performed, we tested the arithmetic accuracy of the expected credit losses model prepared by management to calculate the expected credit losses, evaluated underlying data used in management's assessment of loss allowance, including the historical settlement patterns of the customers, credit ratings of customers, ageing of the balances and the forward-looking information. We compared the historical settlement patterns of the customers with ageing reports. We compared credit ratings of customers to external credit rating reports and evaluated whether the estimated loss rates were adjusted based on forward-looking information. For long-aged accounts receivable, we obtained an understanding of the background to the balance and progress on repayment, assessed the evidence of impairment provided. We also assessed the adequacy of the Group's relevant disclosures included in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Ming Yik.

Ernst & Young
Certified Public Accountants
Hong Kong

25 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	*6*	**48,301,581**	44,108,616
Sales surtaxes		**(83,484)**	(66,375)
Revenue, net of sales surtaxes		**48,218,097**	44,042,241
Other income	*7*	**327,137**	309,718
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library		**(5,789,357)**	(5,195,328)
Depreciation of right-of-use assets		**(545,335)**	(415,317)
Employee compensation costs	*8*	**(8,391,877)**	(8,201,983)
Repair and maintenance costs		**(862,963)**	(601,614)
Consumption of supplies, materials, fuel, services and others		**(11,017,633)**	(10,101,768)
Subcontracting expenses		**(12,970,477)**	(11,420,862)
Lease expenses	*8*	**(2,117,417)**	(2,147,453)
Other operating expenses		**(1,808,651)**	(1,355,818)
Impairment of property, plant and equipment	*17*	**–**	–
Reversal/(recognition) of impairment losses under expected credit loss model, net of reversal	*10*	**6,090**	(56,579)
Total operating expenses		**(43,497,620)**	(39,496,722)
PROFIT FROM OPERATIONS		**5,047,614**	4,855,237
Exchange gains/(losses), net	*8*	**42,540**	(37,143)
Finance costs	*9*	**(785,137)**	(996,796)
Interest income		**118,415**	181,132
Investment income	*8*	**1,298**	14,953
Gains arising from financial assets at fair value through profit or loss	*8*	**43,101**	71,135
Share of profits of an associate and joint ventures, net of tax	*23*	**218,686**	178,309
Other gains and losses, net	*8*	**(19,178)**	(23,959)
PROFIT BEFORE TAX	*8*	**4,667,339**	4,242,868
Income tax expense	*14*	**(1,268,236)**	(960,240)
PROFIT FOR THE YEAR		**3,399,103**	3,282,628
Attributable to:			
Owners of the Company		**3,136,992**	3,013,255
Non-controlling interests		**262,111**	269,373
		3,399,103	3,282,628
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (RMB)	*16*	**65.74 cents**	63.15 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	**3,399,103**	3,282,628
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of foreign operations	**(13,314)**	13,264
Income tax effect	**(20,041)**	(22,783)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(33,355)**	(9,519)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,365,748**	3,273,109
Attributable to:		
Owners of the Company	**3,100,053**	3,000,023
Non-controlling interests	**265,695**	273,086
	3,365,748	3,273,109

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*17*	**50,459,844**	48,928,386
Right-of-use assets	*18*	**1,447,774**	1,301,420
Goodwill	*19*	**–**	–
Other intangible assets	*20*	**210,865**	155,710
Multiclient library	*21*	**72,082**	131,804
Investments in an associate and joint ventures	*23*	**1,194,040**	1,064,203
Contract costs	*30*	**630,094**	919,172
Financial assets at fair value through profit or loss	*28*	**–**	–
Other non-current assets	*31*	**238,234**	415,926
Deferred tax assets	*34*	**28,543**	59,111
Total non-current assets		**54,281,476**	52,975,732
CURRENT ASSETS			
Inventories	*24*	**2,154,270**	2,339,628
Prepayments, deposits and other receivables	*25*	**285,816**	202,770
Accounts receivable	*26*	**14,062,653**	14,125,168
Notes receivable	*27*	**50,987**	115,940
Receivables at fair value through other comprehensive income	*29*	**156,397**	351,950
Financial assets at fair value through profit or loss	*28*	**5,500,549**	4,501,296
Contract assets		**70,917**	53,700
Contract costs	*30*	**142,224**	30,550
Other current assets	*31*	**268,244**	333,864
Pledged deposits	*32*	**8,119**	11,291
Time deposits	*32*	**542,239**	2,226,439
Cash and cash equivalents	*32*	**5,423,772**	5,977,506
Total current assets		**28,666,187**	30,270,102
CURRENT LIABILITIES			
Trade and other payables	*33*	**16,419,654**	14,339,226
Notes payable		**–**	7,309
Salary and bonus payables		**936,994**	1,040,432
Tax payable		**453,825**	454,377
Loans from related parties	*35*	**2,515,940**	2,478,945
Interest-bearing bank borrowings	*36*	**18,267**	2,965,515
Long-term bonds	*37*	**7,327,272**	140,744
Lease liabilities	*38*	**468,144**	304,968
Contract liabilities	*39*	**1,046,520**	1,207,351
Other current liabilities	*31*	**416,303**	425,762
Total current liabilities		**29,602,919**	23,364,629
NET CURRENT (LIABILITIES)/ASSETS		**(936,732)**	6,905,473
TOTAL ASSETS LESS CURRENT LIABILITIES		**53,344,744**	59,881,205

Consolidated Statement of Financial Position (Continued)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*34*	**277,627**	387,709
Loans from related parties	*35*	**1,529,370**	2,648,996
Interest-bearing bank borrowings	*36*	**145,425**	157,396
Long-term bonds	*37*	**5,142,559**	12,182,776
Lease liabilities	*38*	**756,123**	742,220
Contract liabilities	*39*	**669,796**	1,292,800
Deferred income	*40*	**209,715**	186,332
Employee benefit liabilities		**23,925**	15,440
Other non-current liabilities	*31*	**165,668**	11,430
Total non-current liabilities		**8,920,208**	17,625,099
Net assets		**44,424,536**	42,256,106
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*41*	**4,771,592**	4,771,592
Reserves		**39,025,570**	36,871,427
		43,797,162	41,643,019
Non-controlling interests		**627,374**	613,087
Total equity		**44,424,536**	42,256,106

Zhao Shunqiang	**Lu Tao**	**Xiao Jia**
Director	*Director*	*Director*

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the Company									
	Issued capital RMB'000	Capital reserve* RMB'000	Statutory reserve funds* RMB'000	Special reserve* 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 31 December 2022	4,771,592	12,366,274	2,508,656	3,335	(577,347)	19,495,316	763,455	39,331,281	566,803	39,898,084
Effect of adoption of amendments to HKAS 12	-	-	-	-	-	77,884	-	77,884	(1)	77,883
At 1 January 2023 (Restated)	4,771,592	12,366,274	2,508,656	3,335	(577,347)	19,573,200	763,455	39,409,165	566,802	39,975,967
Profit for the year	-	-	-	-	-	3,013,255	-	3,013,255	269,373	3,282,628
Other comprehensive income for the year, net of tax	-	-	-	-	(13,232)	-	-	(13,232)	3,713	(9,519)
Total comprehensive income for the year	-	-	-	-	(13,232)	3,013,255	-	3,000,023	273,086	3,273,109
Appropriation of safety fund	-	-	-	631,020	-	-	-	631,020	-	631,020
Utilisation of safety fund	-	-	-	(629,279)	-	-	-	(629,279)	-	(629,279)
Final 2022 dividend paid (Note 15)	-	-	-	-	-	-	(763,455)	(763,455)	-	(763,455)
Proposed final 2023 dividend (Note 15)	-	-	-	-	-	(1,002,034)	1,002,034	-	-	-
Dividends proposed to non-controlling interests	-	-	-	-	-	-	-	-	(226,500)	(226,500)
Acquisition of non-controlling interests of subsidiaries	-	(4,455)	-	-	-	-	-	(4,455)	(301)	(4,756)
At 31 December 2023	4,771,592	12,361,819	2,508,656	5,076	(590,579)	21,584,421	1,002,034	41,643,019	613,087	42,256,106
At 31 December 2023 and 1 January 2024	**4,771,592**	**12,361,819**	**2,508,656**	**5,076**	**(590,579)**	**21,584,421**	**1,002,034**	**41,643,019**	**613,087**	**42,256,106**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**3,136,992**	**-**	**3,136,992**	**262,111**	**3,399,103**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**(36,939)**	**-**	**-**	**(36,939)**	**3,584**	**(33,355)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(36,939)**	**3,136,992**	**-**	**3,100,053**	**265,695**	**3,365,748**
Appropriation of safety fund	**-**	**-**	**-**	**475,483**	**-**	**-**	**-**	**475,483**	**10,131**	**485,614**
Utilisation of safety fund	**-**	**-**	**-**	**(419,359)**	**-**	**-**	**-**	**(419,359)**	**(9,539)**	**(428,898)**
Final 2023 dividend paid (Note 15)	**-**	**-**	**-**	**-**	**-**	**-**	**(1,002,034)**	**(1,002,034)**	**-**	**(1,002,034)**
Proposed final 2024 dividend (Note 15)	**-**	**-**	**-**	**-**	**-**	**(1,100,329)**	**1,100,329**	**-**	**-**	**-**
Dividends proposed to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(252,000)**	**(252,000)**
At 31 December 2024	**4,771,592**	**12,361,819**	**2,508,656**	**61,200**	**(627,518)**	**23,621,084**	**1,100,329**	**43,797,162**	**627,374**	**44,424,536**

* These reserve accounts comprise the consolidated reserves of approximately RMB39,025,570,000 (31 December 2023: RMB36,871,427,000) in the consolidated statement of financial position as at 31 December 2024.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	*43*	**12,193,349**	13,594,475
Taxes paid:			
Chinese Mainland corporate income tax paid		**(1,013,639)**	(246,713)
Overseas income taxes paid		**(195,033)**	(256,016)
Net cash flows generated from operating activities		**10,984,677**	13,091,746
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and other long-term assets		**(6,006,902)**	(9,294,351)
Government grant received		**31,949**	4,158
Purchase of floating rate investments in corporate wealth management products, monetary funds, debt instrument and time deposits		**(7,940,000)**	(4,950,000)
Proceeds from disposal/maturity of floating rate investments in corporate wealth management products and monetary funds		**8,672,563**	6,640,751
Proceeds from disposal of property, plant and equipment		**15,957**	101,691
Disposal of a joint venture		**–**	2,862
Purchase of non-controlling shareholder equity shares		**–**	(4,763)
Interest received		**116,455**	119,575
Dividends received from joint ventures and an associate		**89,294**	102,288
Deposits paid for acquisition of property, plant and equipment		**(24,158)**	(179,412)
Net cash flows used in investing activities		**(5,044,842)**	(7,457,201)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**–**	3,085,256
New loans from related parties		**–**	408,711
Repayment of bank loans and loans from related parties		**(4,093,966)**	(3,675,994)
Repayment of long-term bonds		**–**	(728,618)
Repayment of lease liabilities		**(455,096)**	(471,772)
Dividends paid		**(1,190,534)**	(953,455)
Interest paid		**(724,983)**	(947,961)
Net cash flows used in financing activities		**(6,464,579)**	(3,283,833)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(524,744)**	2,350,712
Cash and cash equivalents at beginning of year		**5,977,506**	3,561,740
Effect of foreign exchange rate changes, net		**(28,990)**	65,054
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,423,772**	5,977,506
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and balances with banks and financial institutions	*32*	**5,974,130**	8,215,236
Less: Pledged deposits	*32*	**(8,119)**	(11,291)
Time deposits	*32*	**(542,239)**	(2,226,439)
Cash and cash equivalents as stated in the consolidated statement of cash flows	*32*	**5,423,772**	5,977,506

Notes to Consolidated Financial Statements

31 December 2024

1. GENERAL

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 No.1581, Haichuan Road, Tanggu Ocean Hi-tech Zone, Binhai Hi-tech Development District, Tianjin, the PRC. As part of the reorganisation (the "Reorganisation") of China National Offshore 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.

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 services and geophysical acquisition 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. The registered address of CNOOC is No.25 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (continued)

2.2 Issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (continued)

2.2 Issued but not yet effective HKFRSs (continued)

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (continued)

2.2 Issued but not yet effective HKFRSs (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

As at 31 December 2024, the net current liabilities of the Group amounted to RMB936,732,000. The Directors have considered the availability of funding sources, including but not limited to unutilised banking facilities of RMB14,300,000,000 as at 31 December 2024. The Directors believe that the Group has sufficient working capital to continue as a going concern for not less than 12 months after the end of reporting period. Therefore, the Directors continue to prepare the Group's consolidated financial statements for the year ended 31 December 2024 on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in their entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss, consolidated statement of comprehensive income from the date the Group gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein and represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations or asset acquisitions and goodwill

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair value at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Business combinations, other than business combinations under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to initially measure the non-controlling interests in the acquiree of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Business combinations or asset acquisitions and goodwill (continued)

Business combinations (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the consolidated statement of profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December of every year. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purpose and not larger than an operating segment, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Merger accounting for business combinations involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and the consolidated statement of comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Investments in associates and joint ventures (continued)

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Revenue from contracts with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction prices)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, expect for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue recognised over time: measurement of progress towards complete satisfaction of a performance obligation using the output method

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts most of the Group's performance in transferring control of goods or services detailed in Note 6.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of a significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract. As almost all of the Group's contracts provide for a credit period of less than one year after the transfer of the associated goods or services, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Revenue from contracts with customers (continued)

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to the consolidated statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its drilling services, marine support services and geophysical acquisition and surveying services. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"), the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with the applicable standards. Then, any impairment loss for assets capitalised as contract costs is recognised to the extent that the carrying amount exceeds the remaining amount of consideration that the Group expects to receive in exchange for the related goods or services less the costs which relate directly to providing those goods or services and have not been recognised as an expense. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of the underlying assets that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. During the current year, there was no lease of low-value assets.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from the commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Leasehold lands	50 years
Buildings	2 to 23 years
Plant and machinery	3 to 5 years
Motor vehicles	2 to 5 years

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as an expense in the period in which the event or condition that triggers the payment occurs. As the lease payments of certain leases of drilling rigs which the Group has entered into were determined by utilisation days and day rates, the Group recognised these variable lease payments as an expense during the current year when the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from the lease component on the basis of their relative stand-alone selling prices.

Foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates of exchange on the last day of the previous month of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange prevailing at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions (unless exchange rate fluctuations make it inappropriate to use the exchange rate, the spot exchange rate on the date of the transaction is used for translation).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve, relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year at which the cash flow occurs (unless exchange rate fluctuations make it inappropriate to use the exchange rate, the spot exchange rate on the date of the cash flow is used for translation).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, an appropriate capitalisation rate will be applied to the expenditure on the individual assets.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan at a below-market rate of interests is treated as a government grant and is measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, social insurance premiums, housing accumulation fund etc.) after deducting any amount already paid.

Defined contribution plan

The Group's employees in Mainland China are required to participate in a central pension plan operated by local municipal governments. The Group is required to contribute 14% to 16% (2023: 14% to 16%) of its payroll costs to the central pension plan. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension plan.

Defined benefits plan

For the defined benefit pension plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in the reserve of "Remeasurement of defined benefit pension plan" and will not be reclassified to consolidated statement of profit or loss. Past service cost is recognised in consolidated statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in consolidated statement of profit or loss in the line item of employee compensation costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Employee benefits (continued)

Defined benefits plan (continued)

When the formal terms of the plan specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to services as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset;

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related services are rendered.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the consolidated statement of profit or loss is recognised outside the consolidated statement of profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Certain of the Group's drilling rigs are owned by the Company's wholly owned Bermuda (for tax purpose, domiciled in Singapore) and Singapore subsidiaries. Due to the changing demands of the offshore drilling markets and the ability to redeploy the Group's offshore units, such units will not reside in a location long enough to give rise to future tax consequences in that location. As a result, no deferred tax asset has been recognised in these circumstances. Should the Group's expectations change regarding the length of time an offshore drilling unit will be used in a given location, and tax laws and regulations in the future operating jurisdictions, the Group would adjust deferred tax accordingly.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets are generally recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities when they relate to income taxes levied to the same taxable entity by the same taxation authority.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Vessels (including vessel components)	10 to 20 years
Drilling rigs (including drilling rig components)	5 to 30 years
Machinery and equipment	5 to 10 years
Motor vehicles	5 years
Buildings	20 to 30 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents drilling rigs, vessels and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

The intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

The intangible assets with finite useful lives are amortised on a straight-line basis over the following periods:

Trademark	10 years
Management system	10 years
Software	3 to 5 years
Contract value	Contract period

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of profit or loss in the period in which it is incurred.

Multiclient library consists of seismic data surveys which are licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalised into the multiclient library. Multiclient library is amortised on a straight-line basis over 4 years.

Impairment of tangible, intangible assets other than goodwill and contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its assets (other than inventories, contract assets, deferred tax assets and goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amounts of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is an indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Impairment of tangible, intangible assets other than goodwill and contract costs (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced to below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

Inventories

Inventories primarily consist of materials and supplies used for the repairs and maintenance of plant and equipment and daily operations. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The materials and supplies are capitalised to plant and equipment when used for renewals or betterments of plant and equipment or recognised as expenses when used for daily operations.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent assets are not recognised, but are disclosed when an inflow of economic benefits is probable. When the realisation of income is virtually certain, the related asset is not a contingent asset and is recognised.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligation exceed the economic benefits expected to be received under the contract.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has a significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Dividends

Final and/or interim dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the consolidated statement of profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's cash and cash equivalents, time deposits, pledged deposits, accounts receivable, notes receivable, certain other receivables, other current assets – deposits paid for monetary funds and certificate of deposit, debt instrument at amortised cost, which meet the above conditions are subsequently measured at amortised cost.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The Group's bank acceptance notes receivable included in receivables at fair value through other comprehensive income are subsequently measured at FVTOCI.

All other financial assets are subsequently measured at FVTPL.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and financial assets classified as FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets classified as at FVTOCI

Subsequent changes in the carrying amounts for financial assets classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in the consolidated statement of profit or loss. All other changes in the carrying amount of these financial assets are recognised in other comprehensive income ("OCI") and accumulated in the reserve. Impairment allowance is recognised in the consolidated statement of profit or loss with a corresponding adjustment to OCI without reducing the carrying amounts of these financial assets. When these financial assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss. The net gain or loss recognised in the consolidated statement of profit or loss is included in the "Gains/(losses) arising from financial assets at fair value through profit or loss" line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under the expected credit loss ("ECL") model on financial assets (including cash and cash equivalents, time deposits, pledged deposits, accounts receivable, certain notes receivable, receivables at fair value through other comprehensive income, certain other receivables, other current assets – deposits paid for monetary funds and certificate of deposit, a debt instrument at amortised cost), a lease receivable, contract assets and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for its accounts receivable, lease receivable and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and insignificant balances with specific risks, which have sufficient past due data and forward-looking information for the ECL assessment. For the rest of the assets, the ECL is assessed collectively using a provision matrix with appropriate groupings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. For example, the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in the consolidated statement of profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on accounts receivable and certain other receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

Measurement and recognition of ECL (continued)

The Group has measured ECL at the individual instrument level for most of its relevant financial assets, lease receivable and contract assets. Besides, there are insignificant balances where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Type of debtors and economic circumstances facing; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure that the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial assets through a loss allowance account, except for financial assets at FVTOCI for which the loss allowance is recognised in OCI and accumulated in the reserve without reducing the carrying amount of financial assets at FVTOCI. Such amount represents the changes in the reserve in relation to accumulated loss allowance.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. All of the Group's financial liabilities including trade and other payables, notes payable, loans from related parties, interest-bearing bank borrowings and long-term bonds are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or cancelled, or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in the consolidated statement of profit or loss at the date of modification.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about those assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful life and impairment of property, plant and equipment

The estimated useful life of property, plant and equipment is based on the historical experience of the actual useful life of property, plant and equipment with similar characteristics and functions. If the useful life of these property, plant and equipment is less than previously estimated, the Group will accelerate the related depreciation or dispose of idle or obsolete property, plant and equipment. This requires management to use past experience in estimating the appropriate useful life.

Where there exists an indication of impairment of an asset, the Group performs the impairment test in relation to the asset (or cash-generating unit ("CGU") to which the asset belongs). An impairment loss is recognised only if the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing the impairment loss of property, plant and equipment, management would consider all relevant factors with reasonable and supportable assumptions as well as the latest development and various relevant factors in respect of the underlying drilling rig of the respective drilling service contract to make significant accounting estimations. An asset's recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal. This requires management to make assumptions about the future cash flows and discount rate and hence they are subject to uncertainty.

The capital expenditures of oil and gas companies remained stable under the protection of national strategies and policies. It was strongly certain of the earnings growth in the oilfield service companies. At present, although the global economy is further recovering and energy demand is increasing, which has led to a continuous rise in oil and gas prices, due to the increasingly fierce competition among oilfield service enterprises, the day rates and utilisation rates of some large-scale equipment are still affected by the volatile market demand and there are indicators of impairment. Management is of the view that certain impairment indicators exist. The Group has not provided for impairment of property, plant and equipment during the year (2023:Nil). As at 31 December 2024, the carrying amount of property, plant and equipment was RMB50,459,844,000 (2023: RMB48,928,386,000). Further details are given in Note 17.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision of ECL for accounts receivable

Management determines the credit losses of the accounts receivable based on the expected credit loss model. Significant judgements and estimations involved include:

For expected credit losses assessed individually, the recoverable amounts of the accounts receivable are determined by management based on the historical settlement patterns of the customers, management's judgement about credit risk changes and forward-looking information. For expected credit losses assessed using the provision matrix, management is required to determine the credit loss rate based on the Group's historical default rates that are representative of the economic condition the accounts receivable are exposed to, which is then duly adjusted by the relevant forward-looking information. These involve estimation uncertainty and significant judgement.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable is disclosed in Notes 26 and 46.

Deferred tax assets

Deferred tax assets are generally recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets have been recognised on the tax loss of RMB8,305,545,000 (31 December 2023: RMB7,996,337,000) and deductible temporary differences of RMB4,369,494,000 at 31 December 2024 (31 December 2023: RMB4,294,706,000). Further details are contained in Note 34. In cases where there are actual future profits or the actual future profits generated are more than expected, or the effective tax rate is changed, a material recognition or change of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss for the period in which such recognition or change takes place.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations (including those applicable to tax credits) and the amount and timing of future taxable income. Given the wide range of international business relationships and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on best estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the Group's experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise in a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Management judgement is required to determine the applicable tax rates in the further periods, based on the various tax laws, regulations, treaties and level of operations in jurisdictions of operation, future tax planning strategies and the forecast made on the Company's continuing compliance with the High-New Technical Enterprise ("HNTE") criteria. In cases where the actual tax rates are less than expected, a material reversal of deferred tax assets may arise and will be recognised in the consolidated statement of profit or loss in the period in which such a reversal takes place.

5. OPERATING SEGMENT INFORMATION

The Group is organised into four business segments based on the internal structure and management strategy, which is also the basis of information reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purpose of making strategic decisions.

The four reportable and operating segments are set out 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, the sale of well chemical materials and well workovers, and seismic data processing services;

(c) the marine support services segment is engaged in the transportation of materials, supplies and personnel to offshore facilities, moving and positioning drilling structures; and

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

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 result, 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 or losses, net, investment income and gains or losses arising from financial assets at FVTPL are excluded from such measurement.

All assets are allocated to reportable segments other than certain cash and cash equivalents (funds managed by the Finance Department), pledged deposits, time deposits, financial assets at FVTPL and deferred tax assets as these assets are managed on a group basis.

All liabilities are allocated to reportable segments other than loans from related parties, interest-bearing bank borrowings and long-term bonds (funds managed by the Finance Department), tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

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

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
Revenue:					
Sales to external customers, net of sales surtaxes	13,182,309	27,610,253	4,760,925	2,664,610	48,218,097
Sales surtaxes	24,640	45,098	8,187	5,559	83,484
Revenue, before net of sales surtaxes	13,206,949	27,655,351	4,769,112	2,670,169	48,301,581
Intersegment sales	375,050	61,266	175,011	7,194	618,521
Segment revenue	13,581,999	27,716,617	4,944,123	2,677,363	48,920,102
Eliminations	(375,050)	(61,266)	(175,011)	(7,194)	(618,521)
Group revenue	13,206,949	27,655,351	4,769,112	2,670,169	48,301,581
Segment results	356,942	4,602,931	106,617	180,632	5,247,122
Reconciliation:					
Exchange gains, net					42,540
Finance costs					(785,137)
Interest income					118,415
Investment income					1,298
Gains arising from financial assets at FVTPL					43,101
Profit before tax					4,667,339
Income tax expense					(1,268,236)
As at 31 December 2024					
Segment assets	39,870,666	23,121,771	5,730,568	5,886,599	74,609,604
Unallocated assets					8,338,059
Total assets					82,947,663
Segment liabilities	6,349,933	10,827,085	1,991,406	1,910,366	21,078,790
Unallocated liabilities					17,444,337
Total liabilities					38,523,127
Other segment information:					
Capital expenditure*	3,923,575	2,624,674	285,262	486,897	7,320,408
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library	2,744,614	1,831,525	744,914	468,304	5,789,357
Depreciation of right-of-use assets	248,329	209,645	67,283	20,078	545,335
Recognition/(reversal) of impairment of accounts receivable	3,726	(886)	(8,377)	570	(4,967)
Reversal of impairment of other receivables	(249)	(665)	(143)	(66)	(1,123)
Reversal of impairment of inventories, net	(5,088)	(10,655)	(1,837)	(1,029)	(18,609)
Share of profits of an associate and joint ventures, net of tax	–	141,270	–	77,416	218,686
Investments in an associate and joint ventures	–	764,729	–	429,311	1,194,040

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
Revenue:					
Sales to external customers, net of sales surtaxes	12,051,135	25,717,532	3,938,827	2,334,747	44,042,241
Sales surtaxes	16,421	39,438	5,930	4,586	66,375
Revenue, before net of sales surtaxes	12,067,556	25,756,970	3,944,757	2,339,333	44,108,616
Intersegment sales	303,606	44,491	292,532	9,598	650,227
Segment revenue	12,371,162	25,801,461	4,237,289	2,348,931	44,758,843
Eliminations	(303,606)	(44,491)	(292,532)	(9,598)	(650,227)
Group revenue	12,067,556	25,756,970	3,944,757	2,339,333	44,108,616
Segment results	741,015	4,137,193	38,564	92,815	5,009,587
Reconciliation:					
Exchange losses, net					(37,143)
Finance costs					(996,796)
Interest income					181,132
Investment income					14,953
Gains arising from financial assets at FVTPL					71,135
Profit before tax					4,242,868
Income tax expense					(960,240)
As at 31 December 2023					
Segment assets	39,644,136	22,216,241	6,817,305	4,738,054	73,415,736
Unallocated assets					9,830,098
Total assets					83,245,834
Segment liabilities	6,308,672	10,752,214	1,181,131	1,343,148	19,585,165
Unallocated liabilities					21,404,563
Total liabilities					40,989,728
Other segment information:					
Capital expenditure*	6,167,001	2,781,574	311,942	485,496	9,746,013
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library	2,546,153	1,354,739	788,717	505,719	5,195,328
Depreciation of right-of-use assets	216,965	119,061	52,711	26,580	415,317
Provision of impairment of accounts receivable	34,376	17,027	2,841	1,652	55,896
Provision of impairment of other receivables	165	400	74	44	683
Provision of impairment of inventories, net	2,749	5,869	899	533	10,050
Share of profits of an associate and joint ventures, net of tax	–	109,108	–	69,201	178,309
Investments in an associate and joint ventures	–	694,550	–	369,653	1,064,203

* The capital expenditure includes the addition of property, plant and equipment, multiclient library and other intangible assets.

Geographical information

The Group mainly engages in the provision of drilling services, well services, marine support services and geophysical acquisition and surveying services principally in Mainland China. Activities outside Mainland China are mainly conducted in the Middle East, Indonesia, Mexico and Norway.

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

In determining the Group's geographical information, revenue is presented below based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

The following table presents revenue and non-current assets (excluding goodwill, investments in an associate and joint ventures, financial assets and deferred tax assets) information for the Group's geographical areas for the years ended 31 December 2024 and 2023.

Year ended/as at 31 December 2024

	Domestic RMB'000	International RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	**37,416,988**	**10,884,593**	**48,301,581**
Less: Sales surtaxes	**(83,484)**	**–**	**(83,484)**
Revenue, net of sales surtaxes	**37,333,504**	**10,884,593**	**48,218,097**
Non-current assets	**39,013,467**	**14,045,426**	**53,058,893**

Year ended/as at 31 December 2023

	Domestic RMB'000	International RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	34,638,330	9,470,286	44,108,616
Less: Sales surtaxes	(66,375)	–	(66,375)
Revenue, net of sales surtaxes	34,571,955	9,470,286	44,042,241
Non-current assets	36,898,603	14,953,815	51,852,418

Information about a major customer

Revenue from transactions with a major customer, CNOOC Limited and its subsidiaries (the "CNOOC Limited Group"), including sales to a group of entities which are known to be under common control of CNOOC Limited, accounted for 77% (2023: 81%) of the total sales of the Group for the year ended 31 December 2024, details of the segments with such revenue are given in Note 44 (A).

6. REVENUE

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**46,975,287**	42,754,386
Revenue arising from operating leases	**1,326,294**	1,354,230
Total	**48,301,581**	44,108,616

6. REVENUE (continued)

(A) Disaggregation of revenue from contracts with customers, before net of sales surtaxes for the years ended 31 December 2024 and 2023

	For the year ended 31 December 2024				
Segments	**Drilling services RMB'000**	**Well services RMB'000**	**Marine support services RMB'000**	**Geophysical acquisition and surveying services RMB'000**	**Total RMB'000**
Geographical markets					
Domestic	**8,031,683**	**22,932,227**	**4,504,873**	**1,754,568**	**37,223,351**
International	**4,008,768**	**4,645,648**	**181,919**	**915,601**	**9,751,936**
Total	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**
Timing of revenue recognition					
At a point of time	**–**	**399,542**	**–**	**4,987**	**404,529**
Over time	**12,040,451**	**27,178,333**	**4,686,792**	**2,665,182**	**46,570,758**
Total	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**
Type of customers					
CNOOC Limited Group	**7,613,716**	**23,692,096**	**4,269,336**	**1,625,822**	**37,200,970**
Others	**4,426,735**	**3,885,779**	**417,456**	**1,044,347**	**9,774,317**
Total	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**

	For the year ended 31 December 2023				
Segments	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
Geographical markets					
Domestic	7,827,504	20,816,682	3,673,437	2,061,757	34,379,380
International	3,069,132	4,756,978	271,320	277,576	8,375,006
Total	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386
Timing of revenue recognition					
At a point of time	–	172,633	–	–	172,633
Over time	10,896,636	25,401,027	3,944,757	2,339,333	42,581,753
Total	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386
Type of customers					
CNOOC Limited Group	8,311,575	21,897,095	3,411,480	1,939,479	35,559,629
Others	2,585,061	3,676,565	533,277	399,854	7,194,757
Total	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386

6. REVENUE (continued)

(A) Disaggregation of revenue from contracts with customers, before net of sales surtaxes for the years ended 31 December 2024 and 2023 (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December 2024				
Segments	**Drilling services RMB'000**	**Well services RMB'000**	**Marine support services RMB'000**	**Geophysical acquisition and surveying services RMB'000**	**Revenue from contracts with customers RMB'000**
Segment revenue	**13,581,999**	**27,716,617**	**4,944,123**	**2,677,363**	**48,920,102**
Less: Revenue arising from operating leases	**(1,166,498)**	**(77,476)**	**(82,320)**	**–**	**(1,326,294)**
Eliminations	**(375,050)**	**(61,266)**	**(175,011)**	**(7,194)**	**(618,521)**
Revenue from contracts with customers	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**

	For the year ended 31 December 2023				
Segments	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Revenue from contracts with customers RMB'000
Segment revenue	12,371,162	25,801,461	4,237,289	2,348,931	44,758,843
Less: Revenue arising from operating leases	(1,170,920)	(183,310)	–	–	(1,354,230)
Eliminations	(303,606)	(44,491)	(292,532)	(9,598)	(650,227)
Revenue from contracts with customers	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386

(B) Performance obligations for contracts with customers

(i) Drilling Services

The activities that primarily drive the revenue earned in the Group's drilling contracts include (i) mobilising and demobilising the rig to and from the drill site, and (ii) performing drilling operation and other activities required for the contract. Consideration received for performing these activities may consist of payment for drilling on a day rate basis, mobilisation and demobilisation fees, and reimbursement. The Directors consider the activities required under the drilling contracts as a single performance obligation satisfied over time as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs.

6. REVENUE (continued)

(B) Performance obligations for contracts with customers (continued)

(ii) Well Services

The activities that primarily drive the revenue earned in the Group's well service contracts include performing logging and downhole services, such as drilling fluids, directional drilling, cementing and well completion and other activities required for the contract. Consideration for the services may consist of payment for logging and downhole services. The Directors identify all distinct performance obligations in the contracts, and recognise revenue over time for most performance obligations as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs. For certain well services contracts for providing relevant materials and equipment to clients, the Directors consider the goods required under the relevant service contracts as a performance obligation satisfied at a point in time, and recognise revenue when control of the goods has transferred.

(iii) Marine Support Services

The activities that primarily drive the revenue earned in the Group's marine support contracts include performing transportation of supplies and personnel to offshore facilities, or moving and positioning drilling structures and other activities required for the contract. Consideration for the services may consist of payment for marine support service and reimbursement. The Directors identify all distinct performance obligations in the contracts, and recognise revenue over time for each of the performance obligations as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs.

(iv) Geophysical Acquisition and Surveying Services

The activities that primarily drive the revenue earned in the Group's geophysical acquisition and surveying contracts include performing seismic data acquisition and marine surveying. Consideration for the services may consist of payment for seismic data acquisition or marine surveying and reimbursement. The Directors identify all distinct performance obligations in the contracts, and recognise revenue over time for most performance obligations as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs. For certain other distinct services required by part of geophysical acquisition and surveying services contracts, the Directors consider the goods and services required under the relevant services contract, as a performance obligation satisfied at a point of time, and recognise revenue when control of the goods and services has transferred.

(C) Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (performed or partially performed) as at 31 December 2024 and 2023 and the expected timing of recognising revenue are as follows:

6. REVENUE (continued)

(C) Transaction price allocated to the remaining performance obligations for contracts with customers (continued)

	As at 31 December 2024				
	Drilling services RMB'000	**Well services RMB'000**	**Marine support services RMB'000**	**Geophysical acquisition and surveying services RMB'000**	**Total RMB'000**
Within one year	**502,049**	**496,672**	**–**	**–**	**998,721**
In the second to fifth year, inclusive	**969,741**	**533,983**	**–**	**–**	**1,503,724**
Total	**1,471,790**	**1,030,655**	**–**	**–**	**2,502,445**

	As at 31 December 2023				
	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
Within one year	327,618	1,218,343	–	145,762	1,691,723
In the second to fifth year, inclusive	1,346,969	348,792	–	–	1,695,761
Total	1,674,587	1,567,135	–	145,762	3,387,484

Most of the Group's contracts with customers generally provide for payment on a day rate or operation volume basis. The Group elected to apply the practical expedient and has recognised revenue in the amount to which the Group has a right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not included in the table above.

7. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Insurance claims received	**95,938**	22,872
Government grants	**171,889**	59,322
Value added tax credit	**29,071**	211,879
Compensation income on breach of contracts	**13,708**	9,031
Others	**16,531**	6,614
Total	**327,137**	309,718

8. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Employee compensation costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**5,920,944**	5,892,401
Social security costs	**2,015,637**	1,850,962
Retirement benefits and pensions	**455,296**	458,620
Total	**8,391,877**	8,201,983
Auditor's remuneration	**19,963**	15,205
Other gains and losses, net		
Gains arising from lease modifications	**(70)**	(13,301)
Losses on disposal of property, plant and equipment, net	**19,248**	37,260
Total	**19,178**	23,959
Lease expenses in respect of land and buildings, berths and equipment (a)	**2,117,417**	2,147,453
(Reversal)/recognition of impairment of inventories, net	**(18,609)**	10,050
(Reversal)/recognition of impairment of accounts receivable, net	**(4,967)**	55,896
(Reversal)/recognition of impairment of other receivables, net	**(1,123)**	683
Exchange (gains)/losses, net	**(42,540)**	37,143
Income from investments in corporate wealth management products, monetary funds and debt instrument	**(1,298)**	(14,953)
Gains arising from financial assets at FVTPL	**(43,101)**	(71,135)
Cost of inventories recognised as expense	**7,520,938**	7,016,268
Research and development costs, included in:		
Depreciation of property, plant and equipment	**328,711**	286,975
Employee compensation costs	**553,248**	570,208
Consumption of supplies, materials, fuel, services and others	**502,985**	396,758
Total	**1,384,944**	1,253,941

(a) Lease expenses represent short-term lease and variable lease payments not included in the measurement of lease liabilities.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	**50,480**	183,214
Interest on loans from related parties	**249,055**	316,877
Interest on long-term bonds	**411,595**	425,551
Interest on lease liabilities	**48,791**	43,752
Total interests	**759,921**	969,394
Other finance costs		
Others	**25,216**	27,402
Total	**785,137**	996,796

10. (REVERSAL)/RECOGNITION OF IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Impairment losses (reversed)/recognised on:		
Accounts receivable	**(4,967)**	55,896
Other receivables	**(1,123)**	683
Total	**(6,090)**	56,579

Details of impairment assessment for the year ended 31 December 2024 are set out in Note 46.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors', chief executive's and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and the CO, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**1,280**	1,280
Other emoluments:		
Basic salaries, allowances and benefits in kind	**1,118**	1,367
Bonuses (Note)	**3,029**	3,297
Subtotal	**4,147**	4,664
Total fees and other emoluments	**5,427**	5,944

Note: Certain directors and supervisors of the Company are entitled to bonus payments which are determined based on the duties and responsibilities of the directors and supervisors, as well as the operating results of the Group.

(a) Independent non-executive directors and independent supervisors

The fees paid/payable to independent non-executive directors and independent supervisors of the Company during the year are as follows:

	2024 RMB'000	2023 RMB'000
Independent non-executive directors:		
Chiu Lai Kuen, Susanna(1)	**400**	400
Kwok Lam Kwong, Larry(2)	**400**	400
Yao Xin(3)	**400**	400
	1,200	1,200
Independent supervisors:		
Cheng Xinsheng(4)	**73**	80
Hu Zhaoling(4)	**7**	–
	80	80
Total	**1,280**	1,280

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

(a) Independent non-executive directors and independent supervisors (continued)

Notes:

(1) Chiu Lai Kuen, Susanna was appointed as an independent non-executive director on 1 June 2021.

(2) Kwok Lam Kwong, Larry was appointed as an independent non-executive director on 1 June 2022.

(3) Yao Xin was appointed as an independent non-executive director on 23 August 2022.

(4) Hu Zhaoling was appointed as an independent supervisor and Cheng Xinsheng resigned on 3 December 2024.

The independent non-executive directors' and independent supervisors' emoluments shown above were for their services as directors and supervisors of the Company.

There were no other emoluments payable to the independent non-executive directors and the independent supervisors during the year (2023: Nil).

(b) Executive directors, non-executive directors, supervisors and the chief executive

2024	**Basic salaries, allowances and benefits in kind RMB'000**	**Bonuses RMB'000**	**Total RMB'000**
Executive director and chief executive officer:			
Zhao Shunqiang(1)	**432**	**830**	**1,262**
Executive directors:			
Lu Tao(2)	**363**	**881**	**1,244**
Xiao Jia(3)	**61**	**265**	**326**
Xiong Min(3)	**–**	**432**	**432**
	424	**1,578**	**2,002**
Non-executive directors:			
Fan Baitao(1)*	**–**	**–**	**–**
Liu Qiudong(1)*	**–**	**–**	**–**
	–	**–**	**–**
Supervisors:			
Zhao Feng(4)*	**–**	**–**	**–**
Peng Wen(4)*	**–**	**–**	**–**
Wang Lingen(5)	**84**	**451**	**535**
Ma Xiuen(5)	**178**	**170**	**348**
	262	**621**	**883**
Total	**1,118**	**3,029**	**4,147**

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors, non-executive directors, supervisors and the chief executive (continued)

2023	Basic salaries, allowances and benefits in kind RMB'000	Bonuses RMB'000	Total RMB'000
Executive director and chief executive officer:			
Zhao Shunqiang(1)	432	1,126	1,558
Executive directors:			
Lu Tao(2)	324	833	1,157
Xiong Min(3)	348	688	1,036
	672	1,521	2,193
Non-executive directors:			
Fan Baitao(1)*	–	–	–
Liu Qiudong(1)*	–	–	–
	–	–	–
Supervisors:			
Peng Wen*	–	–	–
Ma Xiuen	263	650	913
	263	650	913
Total	1,367	3,297	4,664

Notes:

(1) Zhao Shunqiang was appointed as an executive director on 17 August 2023, while Fan Baitao and Liu Qiudong were appointed as non-executive directors on 17 August 2023.

(2) Lu Tao was appointed as an executive director on 17 August 2023.

(3) Xiao Jia was appointed as an executive director and Xiong Min resigned on 3 December 2024.

(4) Zhao Feng was appointed as a supervisor and Peng Wen resigned on 19 March 2024.

(5) Wang Lingen was appointed as a supervisor and Ma Xiuen resigned on 9 August 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which a director or a supervisor or the chief executive waived or agreed to waive any remuneration during both years.

* In addition to the directors' remuneration disclosed above, certain Directors and supervisors are not paid directly by the Company but receive remuneration from CNOOC, the ultimate holding company of the Company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by these Directors to the Group are incidental to their responsibilities to the larger group.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year do not include any directors, supervisors and the chief executive (2023: Nil), details of whose remuneration are set out in Note 11. Details of the remuneration of the five (2023: Five) non-director, non-supervisor, and non-chief executive highest paid employees for the year are as follows:

12. FIVE HIGHEST PAID EMPLOYEES (continued)

	2024 RMB'000	2023 RMB'000
Basic salaries, allowances and benefits in kind	**10,151**	7,515
Bonuses	**11,827**	5,980
Pension scheme contributions	**63**	66
Total	**22,041**	13,561

The number of non-director, non-supervisor, and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2024	2023
HK$1,000,001 to HK$2,000,000	**–**	2
HK$2,000,001 to HK$3,000,000	**3**	2
HK$6,000,001 to HK$7,000,000	**1**	1
HK$10,000,001 to HK$11,000,000	**1**	–
Total	**5**	5

13. PENSIONS AND THE DEFINED BENEFIT PLAN

All the Group's full-time employees in Mainland China are covered by a government-regulated pension scheme, and are entitled to an annual pension determined by their basic salaries upon their retirement. The PRC government is responsible for the pension liabilities to these retired employees. The Group is required to make annual contributions to the government-regulated pension in the PRC at rates ranging from 14% to 16% (2023: 14% to 16%) of the employees' basic salaries. The related pension costs are expensed as incurred.

The retirement expenses of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Contributions to the PRC government-regulated pension scheme	**577,140**	537,167
Contributions to overseas subsidiaries' pension schemes	**117,787**	67,504
Cost under a defined benefit plan for overseas subsidiaries	**15,770**	19,587
Total	**710,697**	624,258

At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2023: Nil).

14. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on the profits 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.

Under the Corporate Income Tax Law of the PRC (the "CIT"), the statutory tax rate of the Company, subsidiaries and its key joint ventures and associates in Mainland China is 25%.

14. INCOME TAX EXPENSE (continued)

According to the HNTE certificate renewed by the Company in December 2023, the corporate income tax rate of the Company is 15% for the years from 2023 to 2025.

According to the HNTE certificate renewed by the Group's subsidiary Tianjin Eco-friendly Technology Co., Ltd. ("Eco-friendly Technology") in December 2023, the CIT rate of Eco-friendly Technology is 15% for the years from 2023 to 2025. According to "The Implementation Regulations of the CIT Law of the People's Republic of China" and "The Preferential Catalogue of Corporate Income Tax for Environmental Protection, Energy Saving and Water Saving Projects Enterprises (2021 Edition)" ([2021] No.36 issued by the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Ecology and Environment), the environmental protection projects of Eco-friendly Technology are entitled to a tax holiday of a 3-year full exemption from 2023 to 2025 followed by a 3-year 50% exemption from 2026 to 2028 commencing from their respective first operating income generating year.

According to the HNTE certificate renewed by the Group's subsidiary COSL Deepwater Technology Co. Ltd. in December 2022, the CIT rate of COSL Deepwater Technology Co. Ltd. is 15% for the years from 2022 to 2024.

According to the HNTE certificate renewed by the Group's subsidiary China France Bohai Geoservices Co., Ltd. in December 2024, the CIT rate of China France Bohai Geoservices Co., Ltd. is 15% for the years from 2024 to 2026.

According to the HNTE certificate obtained by the Group's subsidiary China Nanhai--Magcobar Mud Corporation Ltd. ("Magcobar") in December 2023, the CIT rate of Magcobar is 15% for the years from 2023 to 2025.

List of other corporate income tax rates applicable to the Group's activities:

Countries and regions	2024	2023
Indonesia	**22%**	22%
Mexico	**30%**	30%
Norway	**22%**	22%
The United Kingdom	**25%**	19% (January-March 2023) 25% (April-December 2023)
Iraq	**Withholding tax based on 7% of revenue generated in Iraq**	Withholding tax based on 7% of revenue generated in Iraq
United Arab Emirates	**9%**	Not subject to any income tax
Singapore	**17%**	17%
The United States of America	**21%**	21%
Canada	**Net federal corporate income tax of 15% and provincial income tax rates of 8%**	Net federal corporate income tax of 15% and provincial income tax rates of 8%
Malaysia	**24%**	24%
Saudi Arabia	**20%**	20%
Brazil	**34%**	34%
Uganda	**30%**	30%
Thailand	**20%**	20%

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

	2024 RMB'000	2023 RMB'000
Current tax	**1,347,545**	849,546
Deferred tax	**(79,309)**	110,694
Total tax charge for the year	**1,268,236**	960,240

14. INCOME TAX EXPENSE (continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for Mainland China, where the Company and its key joint ventures are domiciled, to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024 RMB'000	**2024** %	2023 RMB'000	2023 %
Profit before tax	**4,667,339**		4,242,868	
Tax at the statutory tax rate of 25% (2023: 25%)	**1,166,835**	**25.0**	1,060,717	25.0
Tax effect as an HNTE with tax incentives	**(497,249)**	**(10.7)**	(452,192)	(10.7)
Income not subject to tax	**(3,124)**	**(0.1)**	(19,298)	(0.5)
Profits attribute to an associate and joint ventures	**(54,672)**	**(1.2)**	(44,577)	(1.0)
Expense not deductible for tax	**271,112**	**5.8**	186,214	4.4
Tax benefit for qualifying research and development expenses	**(151,161)**	**(3.2)**	(201,556)	(4.8)
Effect of different tax rates for overseas subsidiaries	**435,772**	**9.3**	336,773	8.0
Effect of different tax rates applied to the period of reversal of the temporary differences	**14,729**	**0.3**	(7,218)	(0.2)
Tax effect of tax losses and deductible temporary differences unrecognised	**68,523**	**1.5**	38,842	0.9
Tax losses utilised from previous periods	**(10,773)**	**(0.2)**	(10,722)	(0.3)
Tax effect on translation adjustment (Note)	**(10,372)**	**(0.2)**	(1,976)	–
Under provision in respect of prior year	**34,846**	**0.7**	70,022	1.7
Others	**3,770**	**0.2**	5,211	0.1
Total tax charge at the Group's effective tax rate	**1,268,236**	**27.2**	960,240	22.6

Note: The translation adjustment mainly relates to the tax effect of the difference between the profit before tax determined on the tax basis in Norwegian Krone ("NOK") and that determined on the accounting basis of some group companies in Norway in US dollars, the functional currency of these companies.

The share of tax attributable to an associate and joint ventures amounting to approximately RMB39,858,000 (2023: RMB36,952,000) is included in "Share of profits of an associate and joint ventures" in the consolidated statement of profit or loss.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.

15. DIVIDENDS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Proposed final dividend – RMB0.2306 per ordinary share (2023: RMB0.21 per ordinary share)	**1,100,329**	1,002,034

15. DIVIDENDS (continued)

The Board of Directors of the Company recommended the payment of a proposed dividend for the year ended 31 December 2024 of RMB0.2306 per ordinary share (tax inclusive), in an aggregate amount of RMB1,100,329,115.20. The proposed dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year ended 31 December 2024, the dividend proposed in 2023 and paid to the shareholders of the Company was RMB0.21 per ordinary share, in an aggregate amount of RMB1,002,034,320 (2023: RMB763,454,720).

Cash dividends to shareholders in Hong Kong will be paid in Hong Kong dollars.

Under the PRC Company Law and the Company's articles of association, net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowance has been made for the following:

(i) making up prior years' cumulative losses, if any;

(ii) allocations to the statutory common reserve fund of at least 10% of after-tax profit, until the fund aggregates 50% of the Company's registered capital. For the purpose of calculating the transfer to the reserve, the profit after tax shall be the amount determined under the PRC accounting principles and financial regulations in the PRC. The transfer to this reserves must be made before any distribution of dividends to shareholders;

The statutory common reserve can be used to offset previous years' losses, if any, and part of the statutory common reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the registered capital of the Company;

(iii) allocations to the discretionary common reserve if approved by the shareholders. The discretionary common reserve can be used to offset prior years' losses, if any, and can be capitalised as the Company's share capital.

In accordance with the articles of association of the Company, the net profit after tax of the Company for the purpose of profit distribution will be deemed to be the lower of (i) the net profit determined in accordance with the accounting principles generally accepted in the PRC and financial regulations in the PRC and (ii) the net profit determined in accordance with HKFRSs.

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of the profit earned in 2008 and beyond. In respect of all shareholders whose names appear on the Company's register of members who are not individuals, which are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting the enterprise income tax at a rate of 10%.

16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2024 RMB'000	2023 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share calculation (profit for the year attributable to owners of the Company)	**3,136,992**	3,013,255

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation (share)	**4,771,592,000**	4,771,592,000

There were no differences between the basic and diluted earnings per share amounts for the years ended 31 December 2024 and 2023 as the Group had no dilutive potential ordinary shares outstanding during those years.

17. PROPERTY, PLANT AND EQUIPMENT

31 December 2024	Vessels RMB'000	Drilling rigs RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2023 and 1January 2024							
Cost	16,494,686	65,800,367	32,937,223	103,882	1,790,432	2,745,157	119,871,747
Accumulated depreciation and impairment	(10,254,560)	(38,174,194)	(22,051,226)	(71,906)	(391,065)	(410)	(70,943,361)
Carrying amount	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386
Carrying amount							
At 1 January 2024	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386
Additions	–	366,765	1,676,713	561	–	5,159,588	7,203,627
Depreciation provided	(675,480)	(1,726,553)	(3,188,449)	(7,029)	(74,743)	–	(5,672,254)
Disposals/write-offs	(489)	(31,804)	(110,930)	(433)	–	–	(143,656)
Transfers from/(to) construction in progress	–	2,332,632	2,067,903	9,299	–	(4,409,834)	–
Exchange realignment	2,818	100,402	32,918	–	2,901	4,702	143,741
At 31 December 2024	5,566,975	28,667,615	11,364,152	34,374	1,327,525	3,499,203	50,459,844
At 31 December 2024							
Cost	16,499,313	68,598,430	29,522,543	109,641	1,794,822	3,499,203	120,023,952
Accumulated depreciation and impairment	(10,932,338)	(39,930,815)	(18,158,391)	(75,267)	(467,297)	–	(69,564,108)
Carrying amount	5,566,975	28,667,615	11,364,152	34,374	1,327,525	3,499,203	50,459,844

31 December 2023	Vessels RMB'000	Drilling rigs RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023							
Cost	16,510,403	62,608,317	27,326,068	92,842	1,783,771	2,523,452	110,844,853
Accumulated depreciation and impairment	(9,503,824)	(37,210,481)	(19,596,314)	(72,174)	(313,460)	(410)	(66,696,663)
Carrying amount	7,006,579	25,397,836	7,729,754	20,668	1,470,311	2,523,042	44,148,190
Carrying amount							
At 1 January 2023	7,006,579	25,397,836	7,729,754	20,668	1,470,311	2,523,042	44,148,190
Additions	–	2,113,698	3,615,931	4,718	–	3,957,434	9,691,781
Depreciation provided	(752,212)	(1,558,359)	(2,668,144)	(4,484)	(76,185)	–	(5,059,384)
Disposals/write-offs	(1,811)	(33,618)	(83,026)	(528)	–	–	(118,983)
Transfers from/(to) construction in progress	9,966	1,448,344	2,274,610	11,602	1,757	(3,746,279)	–
Other reduction	(25,545)	–	–	–	–	–	(25,545)
Exchange realignment	3,149	258,272	16,872	–	3,484	10,550	292,327
At 31 December 2023	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386
At 31 December 2023							
Cost	16,494,686	65,800,367	32,937,223	103,882	1,790,432	2,745,157	119,871,747
Accumulated depreciation and impairment	(10,254,560)	(38,174,194)	(22,051,226)	(71,906)	(391,065)	(410)	(70,943,361)
Carrying amount	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386

During the year ended 31 December 2024, no interest was capitalised in property, plant and equipment (2023: Nil).

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment of property, plant and equipment

The day rates and utilisation rates of the Group's several large-scale equipment are still affected by the volatile market demand, and there were impairment indicators for certain drilling rigs and vessels. As a result, management conducted impairment test on these assets. Management performed impairment assessment accordingly by determining the recoverable amount of the relevant cash-generating units or group of cash-generating units based on the fair value less cost of disposal according to appraisal report or the present value of expected future cash flows.

The fair value less costs of disposal is arrived at on the basis of valuation carried out by an independent property agent. The fair value of the relevant assets is determined based on a variety of valuation methods, including the market approach and income approach. The market approach is by reference to the value that would be received from selling the assets in an orderly transaction between market participants at the measurement date. The income approach is by reference to the projected discounted cash flows over the remaining economic life of the relevant assets. The above estimates of fair value requires the main inputs representative of a level 3 fair value measurement, including historical contracted sales prices for similar assets, estimated utilisation rates, service prices, cost level and capital requirements.

The present value of expected future cash flows for relevant cash-generating units is determined based on a five-year budget approved by management and an estimate of future market trends. The cash flow beyond the budget period is estimated based on the market trend and by reference to the relevant market trend report. The key assumptions and bases used to estimate the present value of future cash flows are as follows.

– Based on the assets' historical data, the Group's operational performance and future industry operational trends, the management of the Group has assessed the key assumptions for assets with impairment indicators, including the projected utilisation rate for drilling rigs and vessels at a range of approximately 62% to 97%, the estimated workload for geophysical vessels at a range of 220 to 360 square kilometers per year, the forecasted growth rate of day rate during the projection period at a range of approximately -23.16% to 80%, and the stabilized growth rate of day rate at a range of approximately 1% to 2%.

– The discount rate used is a long-term weighted-average cost of capital, which is based on management's best estimation of the investment returns that industry would require for the relevant assets. The pre-tax discount rates applied to the cash flow projections is in the range of 10.00%~17.49% (31 December 2023: 9.54%~14.37%).

As a result of the impairment assessment, the Group has not provided for impairment of property, plant and equipment for the year ended 31 December 2024 (2023:Nil).

Notes to Consolidated Financial Statements (Continued)

31 December 2024

18. RIGHT-OF-USE ASSETS

31 December 2024	Vessels RMB'000	Drilling rigs RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
At 1 January 2024							
Cost	255,837	987,937	242,909	1,043	526,411	359,116	2,373,253
Accumulated depreciation and impairment	(73,232)	(481,188)	(162,585)	(1,032)	(309,777)	(44,019)	(1,071,833)
Carrying amount	182,605	506,749	80,324	11	216,634	315,097	1,301,420
Carrying amount							
At 1 January 2024	182,605	506,749	80,324	11	216,634	315,097	1,301,420
Additions	72,743	408,133	–	2,713	208,447	–	692,036
Depreciation charge	(61,998)	(303,971)	(42,120)	(2,639)	(129,268)	(5,339)	(545,335)
Lease modification	–	–	–	–	(6,249)	–	(6,249)
Exchange realignment	308	3,402	573	6	363	1,250	5,902
At 31 December 2024	193,658	614,313	38,777	91	289,927	311,008	1,447,774
At 31 December 2024							
Cost	282,861	1,340,311	246,467	3,770	588,124	360,366	2,821,899
Accumulated depreciation and impairment	(89,203)	(725,998)	(207,690)	(3,679)	(298,197)	(49,358)	(1,374,125)
Carrying amount	193,658	614,313	38,777	91	289,927	311,008	1,447,774

31 December 2023	Vessels RMB'000	Drilling rigs RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
At 1 January 2023							
Cost	217,826	728,900	283,739	6,349	487,464	357,719	2,081,997
Accumulated depreciation and impairment	(146,100)	(293,489)	(162,030)	(5,079)	(242,541)	(38,680)	(887,919)
Carrying amount	71,726	435,411	121,709	1,270	244,923	319,039	1,194,078
Carrying amount							
At 1 January 2023	71,726	435,411	121,709	1,270	244,923	319,039	1,194,078
Additions	161,473	256,233	8,833	–	105,162	–	531,701
Depreciation charge	(50,731)	(185,733)	(49,330)	(766)	(123,418)	(5,339)	(415,317)
Lease modification	–	–	(2,584)	(505)	(11,935)	–	(15,024)
Exchange realignment	137	838	1,696	12	1,902	1,397	5,982
At 31 December 2023	182,605	506,749	80,324	11	216,634	315,097	1,301,420
At 31 December 2023							
Cost	255,837	987,937	242,909	1,043	526,411	359,116	2,373,253
Accumulated depreciation and impairment	(73,232)	(481,188)	(162,585)	(1,032)	(309,777)	(44,019)	(1,071,833)
Carrying amount	182,605	506,749	80,324	11	216,634	315,097	1,301,420

During the current year, the total cash outflow for leases amounted to RMB2,280,259,209 (2023: RMB2,208,520,154).

For both years, the Group leases various vessels, drilling rigs, machinery and equipment, buildings and motor vehicles for its operations. Lease contracts are entered into for fixed terms of 1 to 23 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands for operating purposes and has obtained the land use right certifications. The upfront payments for such leasehold lands were classified as right-of-use assets upon application of HKFRS 16.

The Group regularly enters into short-term leases for vessels, drilling rigs, machinery and equipment, buildings and motor vehicles. As at 31 December 2024, the portfolio of short-term leases was similar to the portfolio of the short-term leases of 2023.

18. RIGHT-OF-USE ASSETS (continued)

Variable lease payments

The Group has entered into several lease contracts associated to certain drilling rigs, vessels with variable lease payments determined by utilisation days and day rates. The Group recognised these variable lease payments as expenses during the current year when they were paid or payable.

Extension and termination options

The Group has extension and/or termination options to maximise the operational flexibility in managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2024, there was no such triggering event.

19. GOODWILL

Goodwill was generated in the acquisition of COSL Holding AS in 2008 by the Group, which was combined into COSL Norwegian AS by merger during the year ended 31 December 2016 (collectively referred to as the "CNA"). The entire goodwill was fully impaired as at 31 December 2016.

	2024 RMB'000
Cost	
At 1 January	4,771,941
Exchange realignment	71,216
At 31 December	4,843,157
Impairment	
At 1 January	4,771,941
Exchange realignment	71,216
At 31 December	4,843,157
Carrying amount	
At 31 December	–

20. OTHER INTANGIBLE ASSETS

31 December 2024	Trademark RMB'000	Management system and software RMB'000	Contract value RMB'000	Total RMB'000
Carrying amount at 1 January 2024	4,501	151,209	–	155,710
Additions	–	116,781	–	116,781
Amortisation provided	(524)	(61,233)	–	(61,757)
Exchange realignment	–	131	–	131
At 31 December 2024	3,977	206,888	–	210,865
At 31 December 2024				
Cost	5,321	896,151	129,362	1,030,834
Accumulated amortisation	(1,344)	(689,263)	(129,362)	(819,969)
Carrying amount	3,977	206,888	–	210,865

20. OTHER INTANGIBLE ASSETS (continued)

31 December 2023	Trademark RMB'000	Management system and software RMB'000	Contract value RMB'000	Total RMB'000
Carrying amount at 1 January 2023	5,025	146,653	–	151,678
Additions	–	54,232	–	54,232
Amortisation provided	(524)	(50,487)	–	(51,011)
Disposals	–	(350)	–	(350)
Exchange realignment	–	1,161	–	1,161
At 31 December 2023	4,501	151,209	–	155,710
At 31 December 2023				
Cost	5,733	846,541	127,460	979,734
Accumulated amortisation	(1,232)	(695,332)	(127,460)	(824,024)
Carrying amount	4,501	151,209	–	155,710

21. MULTICLIENT LIBRARY

	Multiclient Library RMB'000
Carrying amount at 1 January 2024	**131,804**
Amortisation provided	**(57,685)**
Exchange realignment	**(2,037)**
At 31 December 2024	**72,082**
At 31 December 2024	
Cost	**384,798**
Accumulated amortisation	**(312,716)**
Carrying amount	**72,082**

	Multiclient Library RMB'000
Carrying amount at 1 January 2023	216,100
Amortisation provided	(84,933)
Exchange realignment	637
At 31 December 2023	131,804
At 31 December 2023	
Cost	385,842
Accumulated amortisation	(254,038)
Carrying amount	131,804

The Group has entered into cooperation agreements with Spectrum Geo Inc ("Spectrum") and TGS AS ("TGS") to invest in certain multiclient data projects. These agreements are accounted for as joint operations where the parties have joint control over the projects and have rights to the assets and liabilities of the investment. Costs directly incurred in acquiring, processing and completing the multiclient data projects are capitalised to the multiclient library. The entire multiclient data project was completed in 2022.

22. PARTICULARS OF SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are set out below:

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		Principal activities
				2024	2023	
Lan Hai Bo Da Technology Co., Ltd. (a)	Quanzhou, PRC 1 November 2016	PRC	RMB50,000,000	**100%**	100%	Manufacture of special chemical products
PT.COSL INDO	Indonesia 1 August 2005	Indonesia	US Dollar ("USD") 400,000	**100%**	100%	Provision of oil and gas exploration services
COSL Mexico S.A. de C.V.	Mexico 26 May 2006	Mexico	USD8,504,525	**100%**	100%	Provision of oil and gas exploration services
COSL (Middle East) FZE	United Arab Emirates 2 July 2006	United Arab Emirates	United Arab Emirates Dirhams1,000,000	**100%**	100%	Provision of oil and gas exploration services
COSL Norwegian AS ("CNA")	Norway 23 June 2008	Norway	NOK1,541,328,656	**100%**	100%	Investment holding
COSL Singapore Ltd.	Singapore 11 February 2008	Singapore	USD1,065,127,694	**100%**	100%	Provision of oilfield services and related activities
COSL Oil-Tech (Singapore)Ltd.	Singapore 31 January 2011	Singapore	USD100,000	**100%**	100%	Provision of oilfield services and related activities
COSL Canada Ltd.	Canada 19 July 2013	Canada	USD4,000,000	**100%**	100%	Provision of oilfield services and related activities
COSL UGANDA SMC LIMITED	Uganda 23 April 2019	Uganda	Uganda Shilling 12,000,000,000	**100%**	100%	Provision of oilfield services and related activities
COSL Deepwater Technology Co., Ltd. (a)	Shenzhen, PRC 12 September 2013	PRC	RMB470,000,000	**100%**	100%	Provision of geophysical and surveying services
COSL Drilling Saudi Ltd.	Saudi Arabia 19 April 2016	Saudi Arabia	Saudi Riyal 375,000	**96%**	96%	Provision of drilling services
COSL Hainan Ltd. (a)	Haikou, PRC 6 December 2019	PRC	RMB2,785,000,000	**100%**	100%	Provision of oil and gas exploration services
COSL Hainan Technical Services Ltd. (a)	Haikou, PRC 12 May 2020	PRC	RMB2,870,000,000	**100%**	100%	Provision of oil and gas exploration services
China France Bohai Geoservices Co., Ltd. ("China France Bohai") (a) (b)	Tianjin, PRC 30 November 1983	PRC	USD6,650,000	**50%**	50%	Provision of logging services
COSL Leasing (Tianjin) Co., Ltd. (a)	Tianjin, PRC 29 August 2023	PRC	RMB1,800,000,000	**100%**	100%	Rental services

(a) Lan Hai Bo Da Technology Co., Ltd., COSL Deepwater Technology Co. Ltd., COSL Hainan Ltd., COSL Hainan Technical Services Ltd., China France Bohai and COSL Leasing (Tianjin) Co., Ltd. are established in the PRC as limited liability companies.

22. PARTICULARS OF SUBSIDIARIES (continued)

(b) The Group has 50% equity interests in China France Bohai, the remaining equity interests are held by another sole investor. On 1 August 2022, the shareholders of China France Bohai amended its articles of association. Pursuant to the new articles of association, the Group nominated four directors out of seven directors of the board of directors, and more than 50% voting rights of the board of directors are required for decisions on directing the relevant activities of this entity. The Group has control over China France Bohai after the amendment of articles of association. Accordingly, China France Bohai has been accounted for as a subsidiary and has been consolidated into the Group's consolidated financial statements by the Company since 1 August 2022.

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 year 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.

The following subsidiary had outstanding issued long-term bonds at the end of the year:

Held by third parties	**31 December 2024 RMB'000**	31 December 2023 RMB'000
COSL Singapore Capital Ltd.	**9,396,968**	9,251,077

23. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cost of investments in an associate	**104,000**	104,000
Cost of investments in joint ventures	**39,926**	39,922
Share of post-acquisition profits and losses, and other comprehensive income, net of dividends received	**1,050,114**	920,281
Carrying amount	**1,194,040**	1,064,203

23. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES (continued)

Particulars of all associate and joint ventures are as follows:

Name	Nominal value of issued ordinary/ registered share capital	Place and date of incorporation/ registration and operations	Percentage of Ownership interest 2024	2023	Principal activities
China Offshore Fugro Geosolutions (Shenzhen) Company Ltd.	US$6,000,000	Shenzhen, PRC 24 August 1983	**50%**	50%	Provision of geophysical and surveying services
China Petroleum Logging-Atlas Cooperation Service Company	US$2,000,000	Shenzhen, PRC 10 May 1984	**50%**	50%	Provision of logging services
COSL-Expro Testing Services (Tianjin) Company Ltd.	US$5,000,000	Tianjin, PRC 28 February 2007	**50%**	50%	Provision of well testing services
COSL (Malaysia) SDN. BHD. ("COSL Malaysia") (a)	Ringgit Malaysia 350,000	Malaysia 31 July 2017	**49%**	49%	Provision of drilling services
Well Technology Company Ltd.	RMB260,000,000	Foshan, PRC 24 July 2020	**40%**	40%	Provision of well technology services

Note:

(a) The Group has 49% of equity interests in COSL Malaysia, the remaining equity interests of which are held by the other sole investor. Pursuant to the articles of association of COSL Malaysia, majority voting rights are required for decisions on directing the relevant activities of this entity. The board of directors of COSL Malaysia shall comprise five directors whereby the Group shall appoint two directors and the other sole investor shall appoint three directors, while the chairman of COSL Malaysia shall be appointed by the Group and the chairman has the right to veto any major decisions. As a result, unanimous consent by the Group and the other investor are required for decisions on directing the relevant activities of COSL Malaysia. In the opinion of the Directors, the Group does not have control over COSL Malaysia and the investment in this joint arrangement constitutes interest in a joint venture based on the rights and obligations of the parties to this joint arrangement. Accordingly, COSL Malaysia has been accounted for in the Group's consolidated financial statements using the equity method.

All of the above investments in an associate and joint ventures are directly held by the Company except for COSL Malaysia, which is indirectly held through COSL Drilling Pan-Pacific Ltd.

The above associate and joint ventures are accounted for using the equity method in these consolidated financial statements.

The aggregate financial information in respect of the Group's associates and joint ventures is set out below and none of the associates and joint ventures is individually material.

	2024 RMB'000	2023 RMB'000
The Group's share of profit	**218,686**	178,309
The Group's share of total comprehensive income	**218,686**	178,309

24. INVENTORIES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Raw materials	**1,940,452**	2,050,013
Goods in transit	**87,788**	164,806
Work in progress	**63,110**	55,624
Consumables and others	**62,920**	69,185
Total	**2,154,270**	2,339,628

The Group provided impairment of inventories of RMB6,924,000 (2023: RMB16,989,000) and reversed inventories' impairment of RMB25,533,000 (2023: RMB6,939,000) during the year, both of which were recorded in other operating expenses.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Prepayments	**148,888**	92,524
Deposits	**28,240**	29,334
Other receivables	**113,387**	86,405
	290,515	208,263
Less: Provision for impairment of other receivables	**(4,699)**	(5,493)
Total	**285,816**	202,770

An analysis of other receivables is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Prepaid tax	**31,441**	55,654
Insurance claim receivables	**32,459**	10,994
Payments on behalf of suppliers	**24,124**	5,836
Advance to employees	**–**	396
Government grants	**9,989**	3,455
Others	**15,374**	10,070
Total	**113,387**	86,405

26. ACCOUNTS RECEIVABLE

	31 December 2024 RMB'000	31 December 2023 RMB'000
Accounts receivable – goods and services	**17,112,580**	17,136,314
Less: Allowance for credit losses	**(3,049,927)**	(3,011,146)
Total	**14,062,653**	14,125,168

The following is an ageing analysis of accounts receivable net of allowance for credit losses, as at the end of the reporting periods, presented based on the invoice dates.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within one year	**13,933,366**	14,022,147
One to two years	**121,740**	84,805
Over two years	**7,547**	18,216
Total	**14,062,653**	14,125,168

As at 31 December 2024, included in the Group's accounts receivable balance are debtors with an aggregate carrying amount of RMB129,287,000 (31 December 2023: RMB103,021,000) which were past due as at the reporting date. Out of the past due balances, RMB18,156,000 (31 December 2023: RMB615,000) is not considered in default based on past experience, the Directors are of the opinion that no further provision for impairment is necessary in respect of these balances which are considered fully recoverable after taking into consideration the customer's credit quality, historical behaviour of payments and prevailing market conditions. The Group does not hold any collateral or other credit enhancements over these past-due balances.

As at 31 December 2024, the carrying amount of accounts receivable for which the Group assessed expected credit losses individually was RMB16,432,000,000 (31 December 2023: RMB16,438,077,000), the amount of credit losses provided was RMB2,988,513,000 (31 December 2023: RMB2,926,762,000), and the net amount of accounts receivable was RMB13,443,487,000 (31 December 2023: RMB13,511,315,000). The carrying amount of accounts receivable for which the Group assessed expected credit losses based on shared credit risk characteristics was RMB680,580,000 (31 December 2023: RMB698,237,000), the amount of credit losses provided was RMB61,414,000 (31 December 2023: RMB84,384,000), and the net amount of accounts receivable was RMB619,166,000 (31 December 2023: RMB613,853,000).

Details of impairment assessment of accounts receivable for the year ended 31 December 2024 are set out in Note 46.

27. NOTES RECEIVABLE

	31 December 2024 RMB'000	31 December 2023 RMB'000
Bank acceptance notes receivable	**17,080**	43,060
Commercial acceptance notes receivable	**33,907**	72,880
Total	**50,987**	115,940

The commercial notes are received from customers in the Group's ordinary course of business. The Group provided no impairment against the balance after due consideration of the customers' low credit risk.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Current assets		
Investments in floating rate corporate wealth management products	**5,500,549**	4,501,296
Non-current assets		
Unlisted equity investment (Note)	**–**	–
Total	**5,500,549**	4,501,296

Note: The equity investment was an unlisted investment in Petrojack ASA, Petrojack ASA has ceased trading its' shares in March 2010, therefore, the Group has made full impairment provision of US$20,587,000 for it in 2010.

29. RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024 RMB'000	31 December 2023 RMB'000
Bank acceptance notes receivable	**156,397**	351,950

The bank acceptance notes are received from customers in the Group's ordinary course of business. As part of the liquidity management, the Group has endorsed certain bank acceptance notes receivable to banks or suppliers before the maturity date. The Group has transferred substantially all the risks and rewards of ownership relating to these bank acceptance notes endorsed, and derecognised the full carrying amounts of the bank acceptance notes receivable. Such bank acceptance notes receivable are held by the Group within a business model whose objective is achieved by both selling the notes receivable and collecting contractual cash flows. Accordingly, these bank acceptance notes receivable are subsequently measured at FVTOCI. Details of fair value of notes receivable at FVTOCI are set out in Note 45.

The Group provided no impairment against the balance after due consideration of the banks' low credit risk.

30. CONTRACT COSTS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Mobilisation (Note)	**772,318**	949,722
Current	**142,224**	30,550
Non-current	**630,094**	919,172
Total	**772,318**	949,722

Note: Certain direct and incremental costs incurred for initial mobilisation are costs of fulfilling a contract and are recoverable. These recoverable costs are capitalised and amortised ratably to profit or loss as services are rendered over the initial term of the related contracts.

31. OTHER CURRENT ASSETS/(LIABILITIES) AND OTHER NON-CURRENT ASSETS/(LIABILITIES)

	31 December 2024 RMB'000	31 December 2023 RMB'000
Value-added tax to be deducted and prepaid	**224,302**	292,184
Others	**43,942**	41,680
Other current assets	**268,244**	333,864
Output value-added tax to be recognised	**(416,303)**	(384,377)
Provision due within one year	**–**	(41,385)
Other current liabilities	**(416,303)**	(425,762)
Value-added tax recoverable	**214,076**	236,514
Deposits paid for the acquisition of property, plant and equipment	**24,158**	179,412
Other non-current assets	**238,234**	415,926
Provision (Note)	**(165,668)**	(11,430)
Other non-current liabilities	**(165,668)**	(11,430)

Note: COSL Mexico S.A. de C.V., a wholly owned subsidiary of the Group in Mexico, is involved in a tax dispute with the Mexican Tax Administration Service. As at 31 December 2024, the management of the Group has made a provision of RMB154 million based on the advice from the legal advisor.

32. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cash and balances with banks	**4,174,160**	6,433,541
Deposits with CNOOC Finance Corporation Limited ("CNOOC Finance") (Note 44)	**1,799,970**	1,781,695
Cash and balances with banks and financial institutions	**5,974,130**	8,215,236
Less:		
Pledged deposits	**(8,119)**	(11,291)
Time deposits	**(542,239)**	(2,226,439)
Cash and cash equivalents	**5,423,772**	5,977,506

At 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB4,453,632,000 (31 December 2023: RMB4,649,433,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest based on daily bank deposit rates. The bank balances, pledged deposits and time deposits are deposited with creditworthy banks with no recent history of default.

33. TRADE AND OTHER PAYABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade payables	**15,415,201**	13,254,205
Other payables	**1,004,453**	1,085,021
Total	**16,419,654**	14,339,226

The ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Outstanding balances aged:		
Within one year	**15,295,921**	12,701,339
One to two years	**76,004**	505,566
Two to three years	**13,270**	12,472
Over three years	**30,006**	34,828
Total	**15,415,201**	13,254,205

The trade payables are non-interest bearing and are normally settled on 90-day terms.

34. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Deferred tax assets	**28,543**	59,111
Deferred tax liabilities	**(277,627)**	(387,709)
Total	**(249,084)**	(328,598)

34. DEFERRED TAXATION (continued)

The followings are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Balance at 31 December 2023 RMB'000	Recognised in profit or loss RMB'000	Exchange realignment RMB'000	Balance at 31 December 2024 RMB'000
Deferred tax assets:				
Provision for staff bonuses	25,624	6,813	126	32,563
Impairment of assets	74,413	(49,772)	199	24,840
Accrued liabilities	299,592	69,693	392	369,677
Deductible tax losses	64,079	(63,612)	449	916
Lease liabilities	198,749	4,878	844	204,471
Others	72,081	14,823	–	86,904
Total	734,538	(17,177)	2,010	719,371
Deferred tax liabilities:				
Accelerated depreciation of property, plant and equipment	71,258	(61,650)	458	10,066
Investment in corporate wealth management products	183	78	–	261
Right-of-use assets	177,611	7,527	691	185,829
Full deduction of assets before tax	767,592	(41,625)	–	725,967
Fair value adjustment arising from acquisition of subsidiaries	2,529	(955)	–	1,574
Others	43,963	139	656	44,758
Total	1,063,136	(96,486)	1,805	968,455
Total	328,598	(79,309)	(205)	249,084

	Balance at 31 December 2022 RMB'000	Effect of adoption of amendments to HKAS 12 RMB'000	Balance at 1 January 2023 (Restated) RMB'000	Recognised in profit or loss RMB'000	Exchange realignment RMB'000	Balance at 31 December 2023 RMB'000
Deferred tax assets:						
Provision for staff bonuses	10,535	–	10,535	15,032	57	25,624
Impairment of assets	79,320	–	79,320	(5,370)	463	74,413
Accrued liabilities	299,141	–	299,141	391	60	299,592
Deductible tax losses	223,030	–	223,030	(158,956)	5	64,079
Lease liabilities	2	152,269	152,271	45,899	579	198,749
Others	69,808	–	69,808	2,134	139	72,081
Total	681,836	152,269	834,105	(100,870)	1,303	734,538
Deferred tax liabilities:						
Accelerated depreciation of property, plant and equipment	83,458	–	83,458	(20,438)	8,238	71,258
Investment in corporate wealth management products	851	–	851	(668)	–	183
Right-of-use assets	68,415	74,386	142,801	34,463	347	177,611
Full deduction of assets before tax	772,361	–	772,361	(4,769)	–	767,592
Fair value adjustment arising from acquisition of subsidiaries	4,324	–	4,324	(1,795)	–	2,529
Others	48,190	–	48,190	3,031	(7,258)	43,963
Total	977,599	74,386	1,051,985	9,824	1,327	1,063,136
Total	295,763	(77,883)	217,880	110,694	24	328,598

34. DEFERRED TAXATION (continued)

At 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of the Group's associate and joint ventures for which deferred tax liabilities have not been recognised was RMB2,000,900,000 (31 December 2023: RMB1,738,232,000). No liability has been recognised in respect of these differences as the investment company and those associate and joint ventures are all located in the PRC and the applicable tax rate of those associate and joint ventures was the same as or higher than the applicable tax rate of the investment company.

At 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB1,410,118,000 (31 December 2023: RMB1,198,893,000). No liability have been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At 31 December 2024, the Group's subsidiaries in Norway and Saudi Arabia had tax losses of RMB8,305,545,000 (31 December 2023: RMB7,996,337,000). The tax losses incurred by the Group's subsidiary in Norway can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The tax losses incurred by the Group's subsidiary in Saudi Arabia has no expiry date, but the deductible amount is limited to 25% of the adjusted taxable profit for the year. Deferred tax assets have not been recognised by the Group in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2024, the Group had deductible temporary differences of RMB4,369,494,000 (31 December 2023: RMB4,294,706,000). No deferred tax asset has been recognised by the Group in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which these deductible temporary differences can be utilised.

35. LOANS FROM RELATED PARTIES

	Notes	Effective interest rate per annum (%)	Year of maturity	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Current	(a)	4	Revolving loan	**2,515,940**	2,478,945
Non-current	(b)	4	2027	**939,921**	937,460
Non-current	(c)	4	2027	**589,449**	588,226
Non-current	(d)	3M SOFR+0.5	2027	**–**	711,200
Non-current	(e)	1M SOFR+0.4	2028	**–**	412,110
Total				**1,529,370**	2,648,996
Unsecured loans from related parties				**4,045,310**	5,127,941

35. LOANS FROM RELATED PARTIES (continued)

Notes:

(a) As at 31 December 2024, the Group borrowed a loan of US$350,000,000 from a fellow subsidiary Overseas Oil & Gas Corporation, Ltd. ("OOGC"). The loan is a revolving loan and applicable for extension of repayment, and carried interest at an effective interest rate of 4% per annum for the year ended 31 December 2024 (2023: 1M SOFR+0.5%). The proceeds were used to finance CNA's daily operations.

(b) At 15 August 2022, the Group borrowed a loan of US$132,000,000 from its ultimate holding company CNOOC. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 4% per annum (2023: 1M SOFR+0.4%). The proceeds were used to finance CNA's daily operations.

(c) At 17 August 2022, the Group borrowed a loan of US$82,000,000 from a fellow subsidiary OOGC. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 4% per annum (2023: 1M SOFR+0.4%). The proceeds were used to finance CNA's daily operations.

(d) At 11 August 2022, the Group borrowed a loan of US$100,000,000 from a fellow subsidiary CNOOC Insurance Limited. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 3M SOFR+0.5% per annum. The proceeds were used to finance COSL Middle East FZE's daily operations. The loan was early repaid in 2024.

(e) At 12 July 2023, the Group borrowed a loan of US$58,000,000 from China Ocean Oilfields Services (H.K.) Ltd. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 1M SOFR+0.4% per annum. The proceeds were used to finance COSL Middle East FZE's daily operations. The loan was early repaid in 2024.

36. INTEREST-BEARING BANK BORROWINGS

	Notes	Contractual interest rate (%)	Year of maturity	31 December 2024 RMB'000	31 December 2023 RMB'000
China Development Bank – unsecured	(a)	1.08	2035	**163,692**	175,668
Bank of China (Hong Kong) Limited – secured	(b)	SOFR+0.55	Revolving loan	**–**	1,256,107
The Export-Import Bank of China – unsecured	(c)	2.20	2024	**–**	1,691,136
Total				**163,692**	3,122,911
Current				**18,267**	2,965,515
Non-current				**145,425**	157,396
Total				**163,692**	3,122,911

Notes:

(a) The Group borrowed a loan of RMB320,000,000 from a wholly-owned subsidiary of China Development Bank in December 2015. The loan was initially recognised at fair value measured by discounting future cash flows at the prevailing market interest. The repayments started from December 2018 over 36 instalments bi-annually. The effective interest rate for the year ended 31 December 2024 was 1.08% per annum.

(b) The Group borrowed a loan of US$400,000,000 from Bank of China (Hong Kong) Limited in August 2022. The loan is a revolving loan with an effective interest rate of SOFR+0.55%. The proceeds were used to finance COSL Middle East FZE's daily operations. The loan was fully repaid in 2024.

(c) The Group borrowed a loan of RMB1,690,000,000 from the Export-Import Bank of China in October 2023. The loan is a short-term loan with an effective interest rate of 2.20%. The proceeds were used for the purchase of the Group's certain drilling equipment. The loan was fully repaid in 2024.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Bank borrowings repayable:		
Within one year	**18,267**	2,965,515
In the second year	**6,931**	6,131
In the third to fifth year, inclusive	**40,970**	39,618
Beyond five years	**97,524**	111,647
Total	**163,692**	3,122,911

37. LONG-TERM BONDS

	Year of maturity	31 December 2024 RMB'000	31 December 2023 RMB'000
2016 Corporate bonds			
(Type II of the First Tranche Issue as defined below) (Note (a))	2026	**3,072,863**	3,072,443
Guaranteed medium-term notes			
Second Drawdown Note (Note (b))	2025	**3,660,694**	3,603,447
Guaranteed senior notes			
2025 Notes (Note (c))	2025	**3,593,120**	3,538,189
2030 Notes (Note (c))	2030	**2,143,154**	2,109,441
Total		**12,469,831**	12,323,520
Current		**7,327,272**	140,744
Non-current		**5,142,559**	12,182,776
Total		**12,469,831**	12,323,520

Notes:

(a) At 26 May 2016, the Group issued its first tranche (the "First Tranche Issue") of domestic corporate bonds ("2016 Corporate Bonds") with an aggregate amount of RMB5,000,000,000. The First Tranche Issue includes two types of bonds. The first type of bonds with a principal amount of RMB2,000,000,000 was repaid on 27 May 2019. The second type of bonds with a principal amount of RMB3,000,000,000 (the "Type II of the First Tranche Issue") carries interest at an effective interest rate of 4.12% per annum and the maturity date is 27 May 2026.

(b) At 20 July 2015, COSL Singapore Capital Ltd., a wholly-owned subsidiary of the Company, established the Euro medium term note programme (the "EMTN Programme"). Under the EMTN Programme, COSL Singapore Capital Ltd. may issue drawdown notes in tranches up to an aggregate principal amount of US$3,500,000,000. The Company has unconditionally and irrevocably guaranteed the due and punctual payment of the EMTN Programme.

At 30 July 2015, COSL Singapore Capital Ltd. issued the second tranche of drawdown note under the EMTN Programme with a nominal amount of US$500,000,000 (the "Second Drawdown Note"). The effective interest rate is 4.58% per annum after taking into consideration initial transaction costs. The principal of the Second Drawdown Note will be repaid on 30 July 2025.

(c) At 24 June 2020, COSL Singapore Capital Ltd., a wholly-owned subsidiary of the Company, issued two tranches of guaranteed senior notes. The Company has unconditionally and irrevocably guaranteed the due and punctual payment of guaranteed senior notes.

The first tranche of the notes (the "2025 Notes") is a 5-year guaranteed senior notes, with a US$500,000,000 principal amount. The maturity date is 24 June 2025. The effective interest rate of the 2025 Notes is 1.94% per annum.

The second tranche of the notes (the "2030 Notes") is a 10-year guaranteed senior notes, with a US$300,000,000 principal amount. The maturity date is 24 June 2030. The effective interest rate of the 2030 Notes is 2.62% per annum.

38. LEASE LIABILITIES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Carrying amount at 1 January	**1,047,188**	1,006,786
New leases	**692,036**	531,701
Accretion of interest recognised during the year	**48,791**	43,752
Payments	**(555,588)**	(515,524)
Lease modification	**(3,482)**	(27,034)
Exchange realignment	**(4,678)**	7,507
Carrying amount at 31 December	**1,224,267**	1,047,188
Current portion	**468,144**	304,968
Non-current portion	**756,123**	742,220
Total	**1,224,267**	1,047,188

The weighted average incremental borrowing rates applied to lease liabilities range from 0.59% to 5.01% (2023: from 0.59% to 5.00%).

The amount recognised in profit or loss in relation to leases is as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**48,791**	43,752
Depreciation charge of right-of-use assets	**545,335**	415,317
Expense relating to short-term leases	**1,292,576**	1,172,088
Variable payments not included in the measurement of lease liabilities	**824,841**	975,365
Total amount recognised in profit or loss	**2,711,543**	2,606,522

39. CONTRACT LIABILITIES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Current	**1,046,520**	1,207,351
Non-current	**669,796**	1,292,800
Total	**1,716,316**	2,500,151

The Group's contract liabilities consist of the mobilisation fee, subsidies received from customers related to the adaptation of machinery for the provision of drilling services (the "Subsidies") and advance from customers relevant to certain operation contracts. The contract liabilities are recognised as revenues on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the liabilities relate.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	Advance from customers RMB'000	Mobilisation fee RMB'000	Subsidies RMB'000	Total RMB'000
For the year ended 31 December 2024				
Revenue recognised that was included in the contract liability balance at the beginning of the year	**470,319**	**967,650**	**18,261**	**1,456,230**

	Advance from customers RMB'000	Mobilisation fee RMB'000	Subsidies RMB'000	Total RMB'000
For the year ended 31 December 2023				
Revenue recognised that was included in the contract liability balance at the beginning of the year	226,457	299,392	48,052	573,901

40. DEFERRED INCOME

Deferred income consists of government grants, and the difference between proceeds received from loans at a below-market rate granted by a wholly-owned subsidiary of a state-owned bank and the fair value of the loans at initial recognition based on the prevailing market interest rate (the "Others"). The deferred income received from government and the Others is recognised according to the depreciable periods of the related assets and the periods in which the related costs are incurred, respectively, and is credited to other income of the Group.

	Government grants related to assets RMB'000	Government grants related to income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	137,646	16,026	50,907	204,579
Additions	4,158	8,659	–	12,817
Credited to profit or loss	(16,988)	(7,475)	(6,601)	(31,064)
At 31 December 2023 and 1 January 2024	124,816	17,210	44,306	186,332
Additions	**31,949**	**33,434**	–	**65,383**
Credited to profit or loss	**(23,897)**	**(11,872)**	**(6,231)**	**(42,000)**
At 31 December 2024	**132,868**	**38,772**	**38,075**	**209,715**

41. ISSUED CAPITAL

	31 December 2024 RMB'000	31 December 2023 RMB'000
Registered, issued and fully paid:		
H shares of RMB1.00 each	**1,811,124**	1,811,124
A shares of RMB1.00 each	**2,960,468**	2,960,468
Total	**4,771,592**	4,771,592

42. CONTINGENCES AND COMMITMENTS

(A) Contingencies

As at 31 December 2024, an overseas subsidiary of the Group is subject to tax obligation in its jurisdiction. There are certain tax disputes in progress. Different views taken by tax authority and the Group over the interpretation and implementation of tax laws and regulations may increase the Group's tax liabilities. After consulting relevant legal advisors and conducting a thorough assessment, the management of the Group has recognized provision for which the tax liability is probable. The management of the Group is continuously assessing the possible future impact of the above tax matter, and will maintain close communication with the tax authority.

(B) Capital Commitments

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Contracted, but not provided for	**1,470,282**	2,070,732

At the end of the reporting period, the Group's share of joint ventures' and an associate's own capital commitments was insignificant.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,667,339**	4,242,868
Adjustments for:		
Finance costs	**759,921**	969,394
Interest income	**(118,415)**	(181,132)
Investment income	**(1,298)**	(14,953)
Gains arising from financial assets at FVTPL	**(43,101)**	(71,135)
Share of profits of an associate and joint ventures, net of tax	**(218,686)**	(178,309)
Exchange (gains)/losses, net	**(42,540)**	37,143
Losses on disposal of property, plant and equipment, net	**19,248**	37,260
Gains arising from lease modifications	**(70)**	(13,301)
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library	**5,789,357**	5,195,328
Depreciation of right-of-use assets	**545,335**	415,317
(Reversal)/recognition of impairment losses of accounts receivable and other receivables, net of reversal	**(6,090)**	56,579
(Reversal)/recognition of impairment of inventories	**(18,609)**	10,050
Impairment of property, plant and equipment	**–**	–
Subtotal	**11,332,391**	10,505,109
Decrease in inventories	**203,561**	178,756
Decrease in accounts receivable	**23,734**	29,241
Decrease/(increase) in pledged deposits	**3,172**	(315)
Decrease/(increase) in notes receivable	**64,953**	(93,181)
(Increase)/decrease in prepayments, deposits and other receivables and other assets	**(70,585)**	67,715
Decrease/(increase) in receivables at FVOCI	**195,553**	(343,750)
Increase in contract assets	**(17,217)**	(5,729)
Decrease/(increase) in contract costs	**177,404**	(405,498)
Increase in trade and other payables and other liabilities, net of payables for purchases of property, plant and equipment	**991,382**	2,438,797
Decrease in notes payable	**(7,309)**	(4,557)
Decrease in salary and bonus payables	**(94,953)**	(15,107)
Decrease in deferred income	**(2,335)**	(15,805)
(Decrease)/increase in contract liabilities	**(760,640)**	1,268,112
Increase/(decrease) in provision	**154,238**	(9,313)
Cash generated from operations	**12,193,349**	13,594,475

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Reconciliation of liabilities arising from financing activities

	1 January 2024 RMB'000	Financing cash flows (a) RMB'000	Non-cash changes: Foreign exchange movement RMB'000	Non-cash changes: Interest expenses and dividends declared RMB'000	Non-cash changes: New leases entered into and lease modified RMB'000	Other (b) RMB'000	31 December 2024 RMB'000
Loans from related parties (Note 35)	**5,127,941**	**(1,353,568)**	**21,882**	**249,055**	**–**	**–**	**4,045,310**
Interest-bearing bank borrowings (Note 36)	**3,122,911**	**(3,022,904)**	**6,976**	**50,480**	**–**	**6,229**	**163,692**
Long-term bonds (Note 37)	**12,323,520**	**(403,416)**	**138,132**	**403,416**	**–**	**8,179**	**12,469,831**
Lease liabilities (Note 38)	**1,047,188**	**(494,157)**	**(4,678)**	**48,791**	**688,554**	**(61,431)**	**1,224,267**
Dividend payable (included in trade and other payables)	**76,500**	**(1,190,534)**	**–**	**1,254,034**	**–**	**–**	**140,000**
Total	**21,698,060**	**(6,464,579)**	**162,312**	**2,005,776**	**688,554**	**(47,023)**	**18,043,100**

	1 January 2023 RMB'000	Financing cash flows (a) RMB'000	Non-cash changes: Foreign exchange movement RMB'000	Non-cash changes: Interest expenses and dividends declared RMB'000	Non-cash changes: New leases entered into and lease modified RMB'000	Others (b) RMB'000	31 December 2023 RMB'000
Loans from related parties (Note 35)	4,633,869	139,777	37,418	316,877	–	–	5,127,941
Interest-bearing bank borrowings (Note 36)	3,684,704	(804,417)	52,809	183,214	–	6,601	3,122,911
Long-term bonds (Note 37)	12,894,109	(1,150,214)	154,074	417,605	–	7,946	12,323,520
Lease liabilities (Note 38)	1,006,786	(515,524)	7,507	43,752	504,667	–	1,047,188
Dividend payable (included in trade and other payables)	40,000	(953,455)	–	989,955	–	–	76,500
Total	22,259,468	(3,283,833)	251,808	1,951,403	504,667	14,547	21,698,060

(a) The cash flows from loans from related parties, interest-bearing bank borrowings and long-term bonds represented the net amount of certain proceeds and repayments in the consolidated statement of cash flows.

(b) Others mainly represented amortisation of an upfront fee of interest-bearing bank borrowings and expenses for issuance of long-term bonds.

44. 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.

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

The Group has extensive transactions and relationships with the members of CNOOC. The transactions were made on terms agreed among the parties.

44. RELATED PARTY TRANSACTIONS (continued)

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

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the following is a summary of significant transactions carried out between the Group and (i) the CNOOC Limited Group; (ii) the CNOOC Group; (iii) the Group's joint ventures and an associate; and (iv) associates invested by CNOOC.

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

	2024 RMB'000	2023 RMB'000
i CNOOC Limited Group		
Provision of drilling services	**7,613,716**	8,194,841
Provision of well services	**23,692,096**	21,736,778
Provision of marine support services	**4,269,336**	3,411,480
Provision of geophysical acquisition and surveying services	**1,625,822**	1,939,479
Total	**37,200,970**	35,282,578
ii CNOOC Group		
Provision of drilling services	**60,421**	18,888
Provision of well services	**433,250**	441,282
Provision of marine support services	**72,484**	83,249
Provision of geophysical acquisition and surveying services	**93,492**	81,589
Total	**659,647**	625,008
iii Joint ventures and an associate		
Provision of drilling services	**77,829**	20,640
Provision of well services	**62,558**	25,280
Provision of marine support services	**639**	472
Provision of geophysical acquisition and surveying services	**293**	263
Total	**141,319**	46,655
iv Associates invested by CNOOC		
Provision of drilling services	**–**	50,710
Provision of well services	**9,574**	307,278
Provision of marine support services	**1,492**	7,269
Provision of geophysical acquisition and surveying services	**–**	63
Total	**11,066**	365,320

During the current year, the revenue arising from operating leases from CNOOC Limited Group was RMB188,218,000 (2023: RMB277,051,000), the revenue arising from operating leases from CNOOC Group was RMB14,814,000 (2023: RMB6,173,000).

44. RELATED PARTY TRANSACTIONS (continued)

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

b. Included in operating expenses

	2024 RMB'000	2023 RMB'000
i CNOOC Limited Group		
Materials, utilities and other ancillary services	**47,943**	50,786
Transportation services	**626**	800
Leasing of equipment	**1,358**	688
Management services	**2,500**	289
Labour services	**6,185**	15,955
Subtotal	**58,612**	68,518
Property services	**33,525**	44,016
Total	**92,137**	112,534
ii CNOOC Group		
Materials, utilities and other ancillary services	**1,332,680**	1,586,843
Leasing of equipment	**189,113**	217,324
Transportation services	**59,453**	57,754
Management services	**23,808**	32,597
Repair and maintenance services	**9,928**	8,399
Labour services	**70,584**	86,262
Subtotal	**1,685,566**	1,989,179
Property services	**147,067**	156,938
Total	**1,832,633**	2,146,117
iii Joint ventures and an associate		
Materials, utilities and other ancillary services	**656,652**	571,225
Leasing of equipment	**19,558**	11,952
Total	**676,210**	583,177
iv Associates invested by CNOOC		
Materials, utilities and other ancillary services	**323,276**	163,141
Management services	**315**	3,399
Total	**323,591**	166,540

44. RELATED PARTY TRANSACTIONS (continued)

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

c. Included in interest income

	2024 RMB'000	2023 RMB'000
CNOOC Finance		
Interest income	**29,296**	20,862

Deposits in CNOOC Finance carry interests at the applicable interest rate which is determined with reference to the prevailing bank rates published by the People's Bank of China.

d. Dividend from joint ventures

	2024 RMB'000	2023 RMB'000
Dividend from joint ventures	**88,868**	102,502

e. Included in finance costs

During the current year, the finance costs on the loans from related parties (Note 35) were US$34,693,000 (2023: US$44,968,000), which is equivalent to approximately RMB249,055,000 (2023: RMB316,878,000).

During the current year, the finance costs on the lease liabilities due to related parties were RMB36,350,000 (2023: RMB13,937,000).

f. Deposits

	31 December 2024 RMB'000	31 December 2023 RMB'000
Deposits placed with CNOOC Finance	**1,799,970**	1,781,695

g. During the current year, the other income from CNOOC Limited Group in respect of compensation for equipment dropping into wells when rendering services was RMB3,059,000 (2023: RMB1,189,000).

h. Right-of-use assets

The Group entered into certain lease agreements with related parties and recognised right-of-use assets and lease liabilities on lease commencement. The following is addition of right-of-use assets from related parties:

	31 December 2024 RMB'000	31 December 2023 RMB'000
CNOOC Group	**113,266**	–
CNOOC Limited Group	**11,387**	–
Joint ventures and an associate	**1,209**	–
Total	**125,862**	–

Except for items in a(iii), b(iii) and d above, the above transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

44. RELATED PARTY TRANSACTIONS (continued)

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

i. Contingencies and commitments with related parties

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Contracted, but not provided for	**–**	5,144

The Group had no guarantees granted to related parties as at 31 December 2024 and 2023.

j. Outstanding balances with related parties

Accounts receivable

	31 December 2024 RMB'000	31 December 2023 RMB'000
Due from CNOOC Limited Group	**10,066,190**	9,840,639
Due from CNOOC Group	**262,120**	75,961
Due from joint ventures and an associate	**33,962**	17,644
Due from associates invested by CNOOC	**1,632**	74,797
Total	**10,363,904**	10,009,041

Prepayments, deposits and other receivables

	31 December 2024 RMB'000	31 December 2023 RMB'000
Due from CNOOC Limited Group	**939**	30
Due from CNOOC Group	**4,328**	67
Due from joint ventures and an associate	**958**	677
Total	**6,225**	774

Contract assets

	31 December 2024 RMB'000	31 December 2023 RMB'000
Due from CNOOC Limited Group	**291**	169

44. RELATED PARTY TRANSACTIONS (continued)

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

j. Outstanding balances with related parties (continued)

Trade and other payables

	31 December 2024 RMB'000	31 December 2023 RMB'000
Due to CNOOC Limited Group	**69,594**	68,855
Due to CNOOC Group	**442,073**	547,202
Due to joint ventures and an associate	**463,861**	419,181
Due to associates invested by CNOOC	**188,317**	196,367
Total	**1,163,845**	1,231,605

Loans from related parties

	31 December 2024 RMB'000	31 December 2023 RMB'000
Unsecured loans due to CNOOC Group (Note 35)	**4,045,310**	5,127,941

Contract liabilities

	31 December 2024 RMB'000	31 December 2023 RMB'000
Due to CNOOC Limited Group	**53,931**	133,251
Due to CNOOC Group	**404,536**	354,573
Total	**458,467**	487,824

Lease liabilities

	31 December 2024 RMB'000	31 December 2023 RMB'000
Due to CNOOC Group	**181,343**	190,301

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

The balances with related parties at 31 December 2024 included in accounts receivable, prepayments, deposits and other receivables, trade and other payables and contract liabilities of the Group are unsecured, interest-free, and have no fixed terms of repayment. The loans from related parties bears interest at 4% per annum and is repayable on demand and in 2027. Lease liabilities have fixed terms of repayment and are measured at the present value of lease payments that are unpaid using the incremental borrowing rate at the lease commencement date.

The Company entered into several agreements with the CNOOC Group and the CNOOC Limited 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.

44. RELATED PARTY TRANSACTIONS (continued)

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

j. Outstanding balances with related parties (continued)

Lease liabilities (continued)

The lease expenses relating to agreements with the CNOOC Group and the CNOOC Limited Group in respect of variable lease payments determined by utilisation days and day rates as well as short-term leases are disclosed in Note 44(A).

The Directors are of the opinion that the above transactions with related parties were conducted in the normal course of business.

k. 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 in the PRC, other than the CNOOC Group and the CNOOC Limited Group, in the normal course of business on 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, time deposits and certificates of deposit and outstanding interest-bearing bank borrowings with certain state-owned banks in the PRC as at 31 December 2024 and 2023, as summarised below:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cash and cash equivalents	**2,182,886**	1,452,508
Time deposits	**1,101,466**	3,030
Certificates of deposit	**–**	1,676,160
Total	**3,284,352**	3,131,698
Long-term bank loans (Note 36)	**145,425**	157,396
Current portion of long-term bank loans (Note 36)	**18,267**	2,965,515
Total	**163,692**	3,122,911

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

	2024 RMB'000	2023 RMB'000
Finance costs	**50,480**	156,963

44. RELATED PARTY TRANSACTIONS (continued)

(B) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	**10,393**	10,368
Total compensation paid to key management personnel	**10,393**	10,368

Further details of Directors', supervisors and the chief executive's emoluments are included in Note 11.

45. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

	31 December 2024			
	Amortised cost RMB'000	**FVTPL RMB'000**	**FVTOCI RMB'000**	**Total RMB'000**
Financial assets included in deposits and other receivables (Note 25)	**95,498**	–	–	**95,498**
Financial assets at FVTPL (Note 28)	–	**5,500,549**	–	**5,500,549**
Receivables measured at FVTOCI (Note 29)	–	–	**156,397**	**156,397**
Accounts receivable (Note 26)	**14,062,653**	–	–	**14,062,653**
Notes receivable (Note 27)	**50,987**	–	–	**50,987**
Pledged deposits (Note 32)	**8,119**	–	–	**8,119**
Time deposits (Note 32)	**542,239**	–	–	**542,239**
Cash and cash equivalents (Note 32)	**5,423,772**	–	–	**5,423,772**
Total	**20,183,268**	**5,500,549**	**156,397**	**25,840,214**

	31 December 2023			
	Amortised cost RMB'000	FVTPL RMB'000	FVTOCI RMB'000	Total RMB'000
Financial assets included in deposits and other receivables (Note 25)	50,744	–	–	50,744
Financial assets at FVTPL (Note 28)	–	4,501,296	–	4,501,296
Receivables measured at FVTOCI (Note 29)	–	–	351,950	351,950
Accounts receivable (Note 26)	14,125,168	–	–	14,125,168
Notes receivable (Note 27)	115,940	–	–	115,940
Pledged deposits (Note 32)	11,291	–	–	11,291
Time deposits (Note 32)	2,226,439	–	–	2,226,439
Cash and cash equivalents (Note 32)	5,977,506	–	–	5,977,506
Total	22,507,088	4,501,296	351,950	27,360,334

45. FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows: (continued)

Financial liabilities

	31 December 2024 RMB'000	31 December 2023 RMB'000
At amortised cost:		
Current		
Financial liabilities included in trade and other payables (Note 33)	**15,955,432**	13,752,763
Notes payable	**–**	7,309
Interest-bearing bank borrowings – current portion (Note 36)	**18,267**	2,965,515
Long-term bonds (Note 37)	**7,327,272**	140,744
Loans from related parties (Note 35)	**2,515,940**	2,478,945
Subtotal	**25,816,911**	19,345,276
Non-current		
Interest-bearing bank borrowings (Note 36)	**145,425**	157,396
Loans from related parties (Note 35)	**1,529,370**	2,648,996
Long-term bonds (Note 37)	**5,142,559**	12,182,776
Subtotal	**6,817,354**	14,989,168
Total	**32,634,265**	34,334,444

(b) 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 are observable.

Financial assets	Fair value as at 31 December 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Receivables at FVTOCI – Notes receivable	**156,397**	351,950	Level 2	Discounted cash flows at a discount rate that reflect the credit risk of the drawee of notes at the end of the reporting period.
Financial assets at FVTPL – Floating rate corporate wealth management products	**5,500,549**	4,501,296	Level 3	Discounted cash flows based on future cash flows estimated based on estimated return.

45. FINANCIAL INSTRUMENTS (continued)

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

Reconciliation of Level 3 fair value measurements is as follows:

	Financial assets at FVTPL RMB'000
At 31 December 2022	4,906,011
Purchase	4,500,000
Redemption	(4,900,000)
Change in fair value	(4,715)
At 31 December 2023	4,501,296
At 31 December 2023	4,501,296
Purchase	**7,500,000**
Redemption	**(6,500,000)**
Change in fair value	**(747)**
At 31 December 2024	**5,500,549**

The principal unobservable input used by the Group for floating rate corporate wealth management products is the exchange rate in future periods.

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

The fair value of short-term and long-term loans at floating rates is approximately equal to their carrying amounts.

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

	Carrying amounts		Fair values	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Financial liabilities				
Long-term bonds (Note 37)	**12,469,831**	12,323,520	**12,100,971**	11,838,740
Interest-bearing bank borrowings – non-current (Note 36)	**145,425**	157,396	**144,198**	155,982
Total	**12,615,256**	12,480,916	**12,245,169**	11,994,722

The fair value measurement of the long-term bonds issued by the Group is categorised within Level 1, it is determined based on the market prices as at 31 December 2024. The fair value measurement of non-current interest-bearing bank borrowings is categorised within Level 2, it is determined by reference to the present value valuation technique under the income approach and by applying the prime rate as adjusted to reflect the credit risk of the issuers as key inputs.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, loans from related parties, long-term bonds, cash and short term deposits and investments in corporate wealth management products, certificates of deposit, and a debt instrument. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. With the majority of the Group's businesses transacted in RMB and USD, the aforesaid currency is defined as the functional currency of the Company and some subsidiaries respectively. RMB is not freely convertible into foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

The Group has foreign currency sales, purchases, bank borrowings, loans from related parties, long-term bonds, pledged deposits and cash and cash equivalents denominated in foreign currencies, which expose the Group to foreign currency risk. Management monitors foreign exchange exposure and will consider hedging other foreign currency exposure should the need arise.

The loans for foreign operations within the Group that form part of the Group's net investment in the foreign operations are denominated in foreign currencies, other than the functional currency of the lender.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Financial assets		**Financial liabilities**	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
US$	**10,085,561**	10,290,583	**371,480**	456,937
Others	**861,156**	853,086	**970,728**	962,389

Management has assessed the Group's exposure to foreign currency risk (due to changes in the fair values or future cash flows of monetary assets and liabilities) by using a sensitivity analysis on the change in the foreign exchange rates of the US dollar, from which the Group's foreign currency risk has mainly arisen as at 31 December 2024 and 2023. The sensitivity analysis also includes inter-company balances where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. The following table details the Group's sensitivity to a 5.0% (2023: 5.0%) appreciation or depreciation of the US dollar.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/(decrease) in profit		Increase/(decrease) in other comprehensive income	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Appreciation of US$	**15,629**	21,253	**394,603**	394,580
Depreciation of US$	**(15,629)**	(21,253)	**(394,603)**	(394,580)

Interest rate risk

The Group currently does not have an interest rate policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on time deposits is insignificant as the fixed deposits are short-term.

The sensitivity analyses have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. No sensitivity analysis has been presented for cash and cash equivalents as the Directors consider that the fluctuation in interest rates on cash and cash equivalent is minimal. For variable-rate bank borrowings, the analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. As at 31 December 2024, the Group's short-term and long-term borrowings are all at fixed interest rates, with no significant exposure to interest rate risk.

Credit risk and impairment assessment

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents and investments in corporate wealth management products, certificates of deposit, monetary funds and debt instrument, arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages this credit risk by only dealing with reputable financial institutions.

According to the Group's credit risk management policy, the Group always recognises lifetime ECL for accounts receivable, a lease receivable and contract assets. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. The Group has concentrations of credit risk in respect of accounts receivable as the Group's largest accounts receivable and the five largest accounts receivable represent 59% (2023: 57%) and 81% (2023: 81%) of the total accounts receivable respectively.

No other financial assets carry a significant exposure to credit risk.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	12-month or lifetime ECL	31 December 2024 Gross carrying amount RMB'000	31 December 2023 Gross carrying amount RMB'000
Financial assets at amortised cost			
Financial assets included in deposits and other receivables	12-month ECL– assessed individually	**50,940**	27,723
	12-month ECL – provision matrix	**49,258**	31,966
Total		**100,198**	59,689
Accounts receivable (Note)	Lifetime ECL (not credit-impaired) – assessed individually	**12,352,311**	12,432,274
	Lifetime ECL (not credit-impaired) – provision matrix	**452,787**	445,061
	Lifetime ECL (credit-impaired) – assessed individually	**4,079,689**	4,005,803
	Lifetime ECL (credit-impaired) – provision matrix	**227,793**	253,176
Total		**17,112,580**	17,136,314
Notes receivable at amortised cost	12-month ECL	**50,987**	115,940
Pledged deposits	12-month ECL	**8,119**	11,291
Time deposits	12-month ECL	**542,239**	2,226,439
Cash and cash equivalents	12-month ECL	**5,423,772**	5,977,506
Financial assets at FVTOCI			
Receivables at FVTOCI	12-month ECL	**156,397**	351,950
Other items			
Contract assets	Lifetime ECL (credit-impaired) – assessed individually	**70,917**	53,700

Note: For accounts receivable, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at an amount equal to lifetime ECL. Except for debtors with significant outstanding balances or insignificant balances with specific risks, the Group determines the expected credit losses on these items by using a provision matrix.

The Group has measured expected credit losses at the individual instrument level for most of its relevant financial assets. Besides, there are insignificant balances where expected credit losses are measured on a collective basis.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023			
Changes due to financial instruments recognised as at 1 January 2023:	10,437	2,967,063	2,977,500
– Impairment losses recognised	37,786	37,610	75,396
– Impairment losses reversed	(9,040)	(10,460)	(19,500)
– Write-offs	(1,388)	(70,670)	(72,058)
– Exchange adjustments	505	49,303	49,808
As at 31 December 2023	38,300	2,972,846	3,011,146
As at 1 January 2024			
Changes due to financial instruments recognised as at 1 January 2024:	**38,300**	**2,972,846**	**3,011,146**
– Impairment losses recognised	**6,720**	**34,086**	**40,806**
– Impairment losses reversed	**(30,186)**	**(15,588)**	**(45,774)**
– Write-offs	**–**	**(27)**	**(27)**
– Exchange adjustments	**496**	**43,280**	**43,776**
As at 31 December 2024	**15,330**	**3,034,597**	**3,049,927**

Changes in the loss allowance for accounts receivable are mainly due to the default of certain debtors.

The following tables show a reconciliation of loss allowances that has been recognised for other receivables:

	12M ECL RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023			
Changes due to financial instruments recognised as at 1 January 2023:	4,840	–	4,840
– Impairment losses recognised	3,645	–	3,645
– Impairment losses reversed	(2,962)	–	(2,962)
– Exchange adjustments	(30)	–	(30)
As at 31 December 2023	5,493	–	5,493
As at 1 January 2024			
Changes due to financial instruments recognised as at 1 January 2024:	**5,493**	–	**5,493**
– Impairment losses recognised	**437**	–	**437**
– Impairment losses reversed	**(1,560)**	–	**(1,560)**
– Write-offs	**(60)**	–	**(60)**
– Exchange adjustments	**389**	–	**389**
As at 31 December 2024	**4,699**	–	**4,699**

Change in the loss allowance for other receivables are mainly due to the settlement of other receivables.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings, loans from related parties and long-term bonds and ensures compliance with loan covenants.

The Group's objective is to maintain a balance between continuity of funding and flexibility through long-term bonds and interest-bearing loans. 59% of the Group's borrowings would mature in less than one year as at 31 December 2024 (31 December 2023: 27%) based on the carrying value of interest-bearing bank borrowings, loans from related parties and long-term bonds reflected in the financial statements.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rates, the undiscounted amount is derived from the interest rate at the end of the reporting period.

	31 December 2024				
	On demand or less than 1 year RMB'000	**1 to 2 years RMB'000**	**2 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Interest-bearing bank borrowings	**20,202**	**20,009**	**58,864**	**113,995**	**213,070**
Loans from related parties	**2,515,940**	**–**	**1,529,370**	**–**	**4,045,310**
Long-term bonds	**7,560,748**	**3,176,913**	**161,739**	**2,183,477**	**13,082,877**
Lease liabilities	**559,826**	**349,027**	**238,698**	**168,783**	**1,316,334**
Financial liabilities included in trade and other payables	**15,955,432**	**–**	**–**	**–**	**15,955,432**
Total	**26,612,148**	**3,545,949**	**1,988,671**	**2,466,255**	**34,613,023**

	31 December 2023				
	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	2,967,640	20,205	59,446	133,422	3,180,713
Loans from related parties	2,478,945	–	2,648,996	–	5,127,941
Long-term bonds	374,043	6,719,857	3,266,453	1,984,437	12,344,790
Lease liabilities	363,311	295,236	350,015	130,762	1,139,324
Financial liabilities included in trade and other payables	13,752,763	–	–	–	13,752,763
Notes payable	7,309	–	–	–	7,309
Total	19,944,011	7,035,298	6,324,910	2,248,621	35,552,840

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes interest-bearing bank borrowings, loans from related parties, long-term bonds, lease liabilities, certain trade and other payables, notes payable, salary and bonus payables, employee benefit liabilities less cash and cash equivalents (excluding pledged deposits and time deposits). Capital represents equity attributable to owners of the Company and non-controlling interests. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Interest-bearing bank borrowings (Note 36)	**163,692**	3,122,911
Trade and other payables (Note 33)	**16,419,654**	14,339,226
Notes payable	**–**	7,309
Salary and bonus payables	**936,994**	1,040,432
Loans from related parties (Note 35)	**4,045,310**	5,127,941
Long-term bonds (Note 37)	**12,469,831**	12,323,520
Lease liabilities (Note 38)	**1,224,267**	1,047,188
Employee benefit liabilities	**23,925**	15,440
Less: Cash and cash equivalents (Note 32)	**(5,423,772)**	(5,977,506)
Net debt	**29,859,901**	31,046,461
Equity attributable to owners of the Company	**43,797,162**	41,643,019
Non-controlling interests	**627,374**	613,087
Total capital	**44,424,536**	42,256,106
Capital and net debt	**74,284,437**	73,302,567
Gearing ratio	**40%**	42%

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**27,831,686**	28,404,701
Right-of-use assets	**1,862,041**	1,544,758
Other intangible assets	**196,233**	139,907
Multiclient library	**84,839**	160,187
Investments in subsidiaries, an associate and joint ventures	**8,273,516**	6,549,629
Contract costs	**225**	106,362
Other long-term receivables	**3,476,035**	1,342,761
Other non-current assets	**1,566,300**	1,678,463
Total non-current assets	**43,290,875**	39,926,768
CURRENT ASSETS		
Inventories	**1,272,040**	1,433,212
Prepayments, deposits and other receivables	**899,367**	703,302
Accounts receivable	**10,547,028**	11,672,520
Notes receivable	**42,480**	74,599
Receivables at fair value through other comprehensive income	**156,397**	351,950
Financial assets at fair value through profit or loss	**5,500,549**	4,501,296
Contract assets	**2,462**	16,212
Other current assets	**220,875**	328,934
Pledged deposits	**7,677**	7,820
Time deposits	**–**	1,676,160
Cash and cash equivalents	**2,860,560**	3,626,069
Total current assets	**21,509,435**	24,392,074
CURRENT LIABILITIES		
Trade and other payables	**13,267,121**	11,725,023
Notes payable	**–**	7,309
Salary and bonus payables	**629,995**	623,056
Tax payable	**137,294**	275,952
Interest-bearing bank borrowings	**18,267**	1,709,409
Long-term bonds	**73,458**	73,458
Lease liabilities	**568,886**	370,631
Contract liabilities	**405,281**	668,186
Other current liabilities	**425,489**	375,393
Total current liabilities	**15,525,791**	15,828,417
NET CURRENT ASSETS	**5,983,644**	8,563,657
TOTAL ASSETS LESS CURRENT LIABILITIES	**49,274,519**	48,490,425

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**145,425**	157,396
Long-term bonds	**2,999,405**	2,998,985
Lease liabilities	**1,354,759**	1,158,407
Other non-current liabilities	**11,430**	11,430
Deferred income	**187,580**	186,132
Deferred tax liabilities	**246,402**	366,883
Total non-current liabilities	**4,945,001**	4,879,233
Net assets	**44,329,518**	43,611,192
EQUITY		
Issued capital	**4,771,592**	4,771,592
Reserves	**39,557,926**	38,839,600
Total equity	**44,329,518**	43,611,192

Movements in the Company's reserves

	Capital reserve RMB'000	Statutory reserve funds RMB'000 (Note(i))	Special reserve RMB'000	Exchange Fluctuation Reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000
At 31 December 2022	12,371,645	2,508,656	2,320	143,711	22,306,075	763,455	38,095,862
Effect of adoption of amendments to HKAS 12	–	–	–	–	77,309	–	77,309
At 1 January 2023 (Restated)	12,371,645	2,508,656	2,320	143,711	22,383,384	763,455	38,173,171
Profit for the year	–	–	–	–	1,398,631	–	1,398,631
Other comprehensive income for the year	–	–	–	33,573	–	–	33,573
Total comprehensive income for the year	–	–	–	33,573	1,398,631	–	1,432,204
Appropriation of safety fund	–	–	601,624	–	–	–	601,624
Utilisation of safety fund	–	–	(603,944)	–	–	–	(603,944)
Final 2022 dividend paid	–	–	–	–	–	(763,455)	(763,455)
Proposed final 2023 dividend	–	–	–	–	(1,002,034)	1,002,034	–
At 31 December 2023 (Note (ii))	12,371,645	2,508,656	–	177,284	22,779,981	1,002,034	38,839,600
At 31 December 2023 and 1 January 2024	**12,371,645**	**2,508,656**	**–**	**177,284**	**22,779,981**	**1,002,034**	**38,839,600**
Profit for the year	**–**	**–**	**–**	**–**	**1,629,413**	**–**	**1,629,413**
Other comprehensive income for the year	**–**	**–**	**–**	**31,457**	**–**	**–**	**31,457**
Total comprehensive income for the year	**–**	**–**	**–**	**31,457**	**1,629,413**	**–**	**1,660,870**
Appropriation of safety fund	**–**	**–**	**453,660**	**–**	**–**	**–**	**453,660**
Utilisation of safety fund	**–**	**–**	**(394,170)**	**–**	**–**	**–**	**(394,170)**
Final 2023 dividend paid	**–**	**–**	**–**	**–**	**–**	**(1,002,034)**	**(1,002,034)**
Proposed final 2024 dividend	**–**	**–**	**–**	**–**	**(1,100,329)**	**1,100,329**	**–**
At 31 December 2024 (Note (ii))	**12,371,645**	**2,508,656**	**59,490**	**208,741**	**23,309,065**	**1,100,329**	**39,557,926**

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Notes:

(i) As detailed in Note 15, the Company is required to transfer a minimum percentage of after-tax profit, if any, to the statutory common reserve fund, until the fund aggregates 50% of the Company's registered capital. As the aggregate amount of the statutory reserve funds as at 31 December 2024 and 2023 were in excess of 50% of the Company's registered capital, the Directors are of the view that no further provision of these funds is required for both years.

(ii) As at 31 December 2024, in accordance with the PRC Company Law, an amount of approximately RMB12,371,645,000 (2023: RMB12,371,645,000) standing to the credit of the Company's capital reserve account and an amount of approximately RMB2,508,656,000 (2023: RMB2,508,656,000) standing to the credit of the Company's statutory reserve funds, as determined under the PRC accounting principles in the PRC, were available for distribution by way of a future capitalisation issue. In addition, the Company had retained profits of approximately RMB24,409,394,000 (2023: RMB23,782,015,000) as determined under the relevant PRC accounting principles available for distribution as dividends. Except for the aforesaid, the Company did not have any reserves available for distribution to its shareholders at 31 December 2024.

48. EVENTS AFTER THE REPORTING PERIOD

As at 25 March 2025, the board of directors of the Company proposed to distribute the cash dividend for the year ended 31 December 2024 of RMB0.2306 per ordinary share (tax inclusive) to the shareholders with an amount aggregate of RMB1,100,329,115.20. The proposal is subject to the approval by the shareholders at the 2024 Annual General Meeting of the Company.

49. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 March 2025.

Company Information

Legal Name

中海油田服務股份有限公司

English Name

China Oilfield Services Limited

Short Name

中海油服/COSL

Legal Representative

Mr. Zhao Shunqiang

The Registration Address

No.1581, Haichuan Road,
Tanggu Ocean Hi-tech Zone,
Binhai Hi-tech Development
District, Tianjin

The Registration Date

26 September 2002

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Hong Kong Office

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Company Secretary (Secretary to the Board of Directors)

Mr. Sun Weizhou: Company
Secretary (Secretary to the Board
of Directors)
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Hebei Province

Newspapers for Disclosure of Information

Shanghai Securities News
Securities Daily
Website designated by CSRC on
which the Company's annual report
is posted: www.sse.com.cn

Legal Adviser

China:

Tian Yuan Law Firm
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23 Zhenzhi Road, Chaoyang District,
Beijing
Tel: 86-10-5776 3888

Note: JunHe LLP, the Company's former legal adviser as to PRC Law, has retired on 31 March 2025 due to the expiry of the contract. Tian Yuan Law Firm has served as the Company's legal adviser as to PRC Law since 1 April 2025.

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Share Registrar

H Share:

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Services Limited
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183 Queen's Road East, Wan Chai,
Hong Kong

A Share:

China Securities Depository and
Clearing Corporation Limited
Shanghai Branch
No.188 South Yanggao Road,
Pudong New Area, Shanghai

Place where this Annual Report is Available

201 Haiyou Avenue, Yanjiao
Economic & Technological
Development Zone, Sanhe City,
Hebei Province

Place of Listing of Shares, Stock Name and Stock Code

Place of Listing of H Share

The Stock Exchange of Hong Kong
Limited
H Share abbreviation: CHINA
OILFIELD
Stock Code of H Share: 2883

Place of Listing of A Share

Shanghai Stock Exchange
A Share abbreviation: 中海油服
Stock Code of A Share: 601808

Unified Social Credit Code

9112011671092921XD

Name and Office Address of the Company's Auditor

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Ernst & Young Hua Ming LLP
Address: Level 16, Ernst & Young Tower,
Oriental Plaza, No.1 East Changan Ave.
Dongcheng District, Beijing

Hong Kong:

Ernst & Young
Address: 27/F, One Taikoo Place,
979 King's Road, Quarry Bay,
Hong Kong

Documents for Inspection

1. Financial statements signed and sealed by legal representative, the person in charge of accounting work and the person in charge of accounting department.

2. Original copy of auditors' report (Chinese Accounting Standards for Business Enterprises) with seals of audit firm and signed and sealed by certified public accountants.

3. Original copy of auditors' report (Hong Kong Financial Reporting Standards) signed by certified public accountants.

4. Original copy of all documents and announcements of the Company disclosed on the newspaper designated by the CSRC during the reporting period.

5. 2024 Annual Report of the Company published on the website of The Stock Exchange of Hong Kong Limited.

China Oilfield Services Limited
Zhao Shunqiang
Chairman
25 March 2025

Glossary

COSL, the Company or the Group	China Oilfield Services Limited
CNOOC	China National Offshore Oil Corporation
CNOOC Limited	CNOOC Limited
CNOOC Limited Group	CNOOC Limited and its subsidiaries
2D	Seismic data acquisition in two dimensional form, by utilizing a single sound source and one or more acquisition points; typically 2D is used to map geographical structures for initial analysis
3D	Seismic data acquisition in three-dimensional form, by utilizing two sound sources and two or more acquisition points; typically 3D is used to acquire refined seismic data and to raise the probability of successful exploration well drilling
ELIS	Enhanced Logging Imaging System
LWD Tools	Logging-While-Drilling Tools
OSHA	Occupational Safety and Health Administration
QHSE	Quality, health, safety and environment
WTI	West Texas Intermediate crude oil
IPM	Integrated Project Management
HTHP	High temperature and high pressure
LWD	Logging-while-drilling, generally means the measuring of physical parameters of rock formation during the process of drilling, and transmitting the real time measured results by data telemetry system to the ground surface for processing
Cementing	The technique of filling of cement slurries into the ring-shaped space formed between the inner well hole casing and the well wall to cement them together
Well completion	Services and installation of equipment that are necessary to prepare a well for production, including casing, cementing and well treatment, such as acidizing and fracking, as well as the installation of necessary equipment and devices
Well workover	Any work on a completed well designed to maintain, restore or improve production from a currently producing petroleum reservoir, this may include replacement of casing and well treatment, such as sand control, fracking and acidizing
Available day utilisation rate	Operating days/(calendar days – days of repairs and maintenance)
Calendar day utilisation rate	Operating days/calendar days

Integrated marine surveying vessels	Vessels providing marine surveying, marine geological coring, CPT in-situ testing, marine environment observation/sampling and marine supporting services
Geophysical vessels	Vessels carrying out marine seismic survey. Equipped with seismic survey equipment, streamers towed behind vessel, collecting seismic data by generating and receiving seismic waves during continuous sailing
RSS	Rotary Steerable System
Seismic data	Data recorded in either two dimensional (2D) or three dimensional (3D) form from sound wave reflections off of subsurface geology. This data is used to understand and map geological structures for exploratory purposes to predict the location of undiscovered reserves
Streamers	Clear flexible tubing containing numerous hydrophones used for marine seismic surveys; streamers are towed behind seismic vessels in the operation waters to collect seismic data
Jack-up rigs	Jack-up rigs are so named because they are self-elevating with three or four movable legs that can be extended ("jacked") above or below the drilling deck. During towing, the legs of a jack-up rig are elevated. When the rig reaches the drill site, the crew jacks the legs downward through the water and into the sea floor (or onto the sea floor with mat supported jack-ups). This anchors the rig and holds the drilling deck well above the waves
Semi-submersible rigs	Semi-submersible rigs do not rest on the sea floor as jack-up rigs. Instead, the working deck sits atop giant pontoons and hollow columns. These afloat above the water when the rig moves. At the drill site, the crew pumps seawater into the pontoons and columns to partially submerge the rig, hence the name semi-submersible. With much of its bulk below the water's surface, the semi-submersible becomes a stable platform for drilling, moving only slightly with wind and currents. Like jack-ups, most semi-submersibles are towed to the drill site. Because of their exceptional stability, "semis" are well suited for drilling in rough waters. Semi-submersible rigs can drill in water as deep as 10,000 feet
Module rigs	Complete rig installation fixed on offshore jacket which is immovable as a whole
bbl	A barrel, which is equivalent to approximately 158.988 liters or 0.134 tons of oil (at an API gravity of 33 degrees)
foot	Measuring unit of length, which is equivalent to approximately 0.305 meter
Standard coal	The uniform standard of thermal value, China required the thermal value of 1 kg standard coal to be 7,000 kilocalorie
Recordable incidents	Injury incident caused by work or impact of the work environment leading to death or occupational diseases or loss of consciousness, restricted working ability or mobility, or job transfer or injury incident which requires more than a simple medical treatment

COSL

CHINA OILFIELD SERVICES LIMITED

(STOCK CODE H-share : 2883 ; A-share : 601808)

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