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**COSL**

**中海油田服务股份有限公司**  
**China Oilfield Services Limited**

*(Incorporated in the People's Republic of China as a joint stock limited liability company)*  
**(Stock Code: 2883)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

1. Revenue was RMB22,496.7 million.
2. Profit from operations was RMB2,692.0 million.
3. Profit for the period was RMB1,709.6 million.
4. Basic earnings per share was RMB0.33.

The interim results of the Company for the six months ended 30 June 2024 were unaudited.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>REVENUE</b>	5	<b>22,528,544</b>	18,873,594
Sales surtaxes		<u>(31,881)</u>	<u>(23,713)</u>
Revenue, net of sales surtaxes		<u><b>22,496,663</b></u>	<u>18,849,881</u>
Other income		<u><b>214,175</b></u>	<u>107,910</u>
Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library		<b>(2,837,411)</b>	(2,432,081)
Depreciation of right-of-use assets		<b>(198,331)</b>	(194,421)
Employee compensation costs		<b>(3,899,544)</b>	(3,346,510)
Repair and maintenance costs		<b>(258,507)</b>	(175,630)
Consumption of supplies, materials, fuel, services and others		<b>(4,846,262)</b>	(4,428,516)
Subcontracting expenses		<b>(5,999,178)</b>	(4,766,821)
Lease expenses	6	<b>(999,814)</b>	(993,396)
Other operating expenses		<b>(984,325)</b>	(630,400)
Reversal/(recognition) of impairment losses under the expected credit loss model, net of reversal		<u><b>4,556</b></u>	<u>(18,667)</u>
Total operating expenses		<u><b>(20,018,816)</b></u>	<u>(16,986,442)</u>
<b>PROFIT FROM OPERATIONS</b>		<u><u><b>2,692,022</b></u></u>	<u><u>1,971,349</u></u>
Exchange (losses)/gains, net	6	<b>(14,889)</b>	168,580
Finance costs		<b>(449,918)</b>	(486,907)
Interest income		<b>59,545</b>	76,602
Investment income	6	<b>1,160</b>	10,248
Gains arising from financial assets at fair value through profit or loss	6	<b>42,583</b>	56,523
Share of profits of an associate and joint ventures, net of tax		<b>95,800</b>	73,945
Other gains and losses, net	6	<u><b>(17,260)</b></u>	<u>(7,838)</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)***For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT BEFORE TAX</b>	6	<b>2,409,043</b>	1,862,502
Income tax expense	7	<u><b>(699,395)</b></u>	<u>(406,413)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>1,709,648</b></u>	<u>1,456,089</u>
Attributable to:			
Owners of the Company		<b>1,592,392</b>	1,339,064
Non-controlling interests		<u><b>117,256</b></u>	<u>117,025</u>
		<u><b>1,709,648</b></u>	<u>1,456,089</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic (RMB)	9	<u><b>33.37 cents</b></u>	<u>28.06 cents</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b><u>1,709,648</u></b>	<b><u>1,456,089</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of financial statements of foreign operations	568	(24,991)
Income tax effect relating to items that may be reclassified subsequently to profit or loss	<u>(8,306)</u>	<u>(51,121)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>(7,738)</u></b>	<b><u>(76,112)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>1,701,910</u></b>	<b><u>1,379,977</u></b>
Attributable to:		
Owners of the Company	1,583,184	1,254,435
Non-controlling interests	<u>118,726</u>	<u>125,542</u>
	<b><u>1,701,910</u></b>	<b><u>1,379,977</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>48,755,418</b>	48,928,386
Right-of-use assets	<i>11</i>	<b>1,328,759</b>	1,301,420
Goodwill	<i>12</i>	–	–
Other intangible assets		<b>169,903</b>	155,710
Multiclient library		<b>103,135</b>	131,804
Investments in an associate and joint ventures		<b>1,135,143</b>	1,064,203
Contract costs		<b>853,532</b>	919,172
Financial assets at fair value through profit or loss		–	–
Other non-current assets	<i>14</i>	<b>370,214</b>	415,926
Deferred tax assets		<b>11,688</b>	59,111
		<hr/>	<hr/>
Total non-current assets		<b>52,727,792</b>	52,975,732
<b>CURRENT ASSETS</b>			
Inventories		<b>2,491,955</b>	2,339,628
Prepayments, deposits and other receivables		<b>405,960</b>	202,770
Accounts receivable	<i>13</i>	<b>18,406,755</b>	14,125,168
Notes receivable		<b>27,643</b>	115,940
Receivables at fair value through other comprehensive income		<b>40,525</b>	351,950
Financial assets at fair value through profit or loss		<b>506,421</b>	4,501,296
Contract assets		<b>85,028</b>	53,700
Contract costs		<b>34,897</b>	30,550
Other current assets	<i>14</i>	<b>397,860</b>	333,864
Pledged deposits		<b>61,320</b>	11,291
Time deposits		<b>541,335</b>	2,226,439
Cash and cash equivalents		<b>8,037,453</b>	5,977,506
		<hr/>	<hr/>
Total current assets		<b>31,037,152</b>	30,270,102

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

30 June 2024

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<b>14,952,096</b>	14,339,226
Notes payable		–	7,309
Salary and bonus payables		<b>1,629,401</b>	1,040,432
Tax payable		<b>567,017</b>	454,377
Loans from related parties	16	<b>2,501,140</b>	2,478,945
Interest-bearing bank borrowings	17	<b>1,705,293</b>	2,965,515
Long-term bonds	18	<b>3,640,932</b>	140,744
Lease liabilities		<b>328,899</b>	304,968
Contract liabilities		<b>747,451</b>	1,207,351
Other current liabilities	14	<b>688,684</b>	425,762
		<hr/>	<hr/>
Total current liabilities		<b>26,760,913</b>	23,364,629
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>4,276,239</b>	6,905,473
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>57,004,031</b>	59,881,205
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

30 June 2024

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>234,906</b>	387,709
Loans from related parties	<i>16</i>	<b>2,658,264</b>	2,648,996
Interest-bearing bank borrowings	<i>17</i>	<b>151,410</b>	157,396
Long-term bonds	<i>18</i>	<b>8,682,750</b>	12,182,776
Lease liabilities		<b>740,865</b>	742,220
Contract liabilities		<b>1,295,566</b>	1,292,800
Deferred income		<b>182,543</b>	186,332
Employee benefit liabilities		<b>25,569</b>	15,440
Other non-current liabilities	<i>14</i>	<b>11,430</b>	11,430
		<u><b>13,983,303</b></u>	<u>17,625,099</u>
Total non-current liabilities			
		<u><b>43,020,728</b></u>	<u>42,256,106</u>
Net assets			
		<u><b>43,020,728</b></u>	<u>42,256,106</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		<b>4,771,592</b>	4,771,592
Reserves		<b>37,515,189</b>	36,871,427
		<u><b>42,286,781</b></u>	<u>41,643,019</u>
Non-controlling interests		<u><b>733,947</b></u>	<u>613,087</u>
Total equity		<u><b>43,020,728</b></u>	<u>42,256,106</u>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

### 1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

China Oilfield Services Limited (the “Company”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). The registered office of the Company is located at No. 1581, Haichuan Road, Tanggu Ocean Hi-tech Zone, Binhai Hi-tech Development District, Tianjin, the PRC. As part of the reorganization (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”) are 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 Chaoyangmenbei Dajie, Dongcheng District, Beijing.

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

As at 30 June 2024, particulars of the principal subsidiaries of the Company are as follows:

Name of entity	Place and date of incorporation/ registration	Principal place of business	Issued and fully paid share capital/ paid-in capital	Percentage of equity attributable to the Group		Principal activities
				30 June 2024	31 December 2023	
Tianjin Eco-friendly Technology Co., Ltd. (a)	Tianjin, PRC 7 September 1993	PRC	RMB20,000,000	100%	100%	Provision of oilfield services and related activities
PT.COSL INDO	Indonesia 1 August 2005	Indonesia	US Dollar (“US\$”) 400,000	100%	100%	Provision of oil and gas exploration services
COSL-HongKong Limited	Hong Kong, PRC 1 December 2005	Hong Kong, PRC	Hong Kong Dollar 10,000	100%	100%	Investment holding
COSL Mexico S.A. de C.V.	Mexico 26 May 2006	Mexico	US\$8,504,525	100%	100%	Provision of oil and gas exploration services
COSL (Middle East) FZE	United Arab Emirates 2 July 2006	United Arab Emirates	UAE Dirhams 1,000,000	100%	100%	Provision of oil and gas exploration services



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
				30 June 2024	31 December 2023	
COSL Prospector Pte. Ltd.	Singapore 27 February 2007	Singapore	US\$189,779,384	100%	100%	Provision of drilling services
COSL Norwegian AS (“CNA”)	Norway 23 June 2008	Norway	NOK1,541,328,656	100%	100%	Investment holding
COSL Drilling Pan-Pacific (Labuan) Ltd.	Malaysia 4 April 2009	Malaysia	US\$100,000	100%	100%	Management of drilling rigs
COSL Drilling Pan-Pacific Ltd.	Singapore 13 April 2009	Singapore	US\$1,000,000	100%	100%	Management of drilling rigs
COSL Singapore Capital Ltd.	Singapore 29 October 2009	Singapore	Singapore Dollar 2	100%	100%	Bond issuance
PT. Samudra Timur Santosa (“PT STS”) (b)	Indonesia 27 July 2010	Indonesia	US\$250,000	49%	49%	Provision of marine support services
COSL Oil-Tech (Singapore) Ltd.	Singapore 31 January 2011	Singapore	US\$100,000	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	RMB1,940,000,000	100%	100%	Provision of oil and gas exploration services
COSL Hainan Technical Services Ltd. (a)	Haikou, PRC 12 May 2020	PRC	RMB2,025,000,000	100%	100%	Provision of oil and gas exploration services
Hainan Deep Drilling Ltd. (a)	Haikou, PRC 12 March 2021	PRC	RMB10,000,000	100%	100%	Provision of drilling services
COSL UK Limited	UK 24 January 2022	United Kingdom	Great Britain Pound 1,472,600	100%	100%	Provision of oilfield services and related activities

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
				30 June 2024	31 December 2023	
China France Bohai Geoservices Co., Ltd. ("China France Bohai") (a) (c)	Tianjin, PRC 30 November 1983	PRC	US\$6,650,000	50%	50%	Provision of logging services
China Nanhai Magcobar Mud Corporation Ltd. ("Magcobar") (a) (d)	Shenzhen, PRC 25 October 1984	PRC	RMB4,640,000	60%	60%	Provision of drilling fluids services
COSL Leasing (TianJin) Co.,Ltd. (a)	Tianjin, PRC 29 August 2023	PRC	RMB1,800,000,000	100%	100%	Rental services

- (a) Tianjin Eco-friendly Technology Co., Ltd. ("Eco-friendly Technology"), COSL Deepwater Technology Co. Ltd., COSL Hainan Ltd., Hainan Deep Drilling Ltd., COSL Hainan Technical Services Ltd., China France Bohai, Magcobar and COSL Leasing (TianJin) Co., Ltd. are established in the PRC as limited liability companies.
- (b) In the opinion of the Directors, the Group has control over PT STS as the Group has 100% voting rights on PT STS that gives it the current ability to direct the relevant activities of PT STS. Accordingly, PT STS had been accounted for as a subsidiary and has been consolidated into the Group's consolidated financial statements for the period/year ended 30 June 2024 and 31 December 2023 respectively.
- (c) 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 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.
- (d) The Group has 60% equity interests in Magcobar, the remaining equity interests are held by another sole investor. On 1 December 2022, the shareholders of Magcobar amended its articles of association. Pursuant to the new articles of association, the Group nominated three out of five 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 Magcobar after the amendment of articles of association. Accordingly, Magcobar has been accounted for as a subsidiary and has been consolidated into the Group's consolidated financial statements by the Company since 1 December 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 period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

As at 30 June 2024, particulars of an associate and joint ventures of the Group are as follows:

Name	Nominal value of issued ordinary/registered share capital	Place and date of incorporation/registration and operations	Percentage of ownership interest		Principal activities
			30 June 2024	31 December 2023	
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 Limited	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 is 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 this interim condensed consolidated financial information.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the HKICPA as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the HKSE.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

The nature and 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.

#### 4. 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 Group has four reportable and operating segments as follows:

- (a) The drilling services segment is engaged in the provision of oilfield drilling services;
- (b) The well services segment is engaged in the provision of logging and downhole services, such as drilling fluids, directional drilling, cementing and well completion, 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 resource 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 arising from financial assets at fair value through profit or loss ("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, certain other current assets, certain other non-current assets, 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.

All sales among the operating segments have been eliminated as internal transactions when preparing consolidated financial statements.

**Six months ended 30 June 2024 (Unaudited)**

	Drilling services <i>RMB'000</i>	Well services <i>RMB'000</i>	Marine support services <i>RMB'000</i>	Geophysical acquisition and surveying services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue</b>					
Sales to external customers, net of sales surtaxes	6,408,364	12,811,817	2,174,409	1,102,073	22,496,663
Sales surtaxes	<u>8,427</u>	<u>18,150</u>	<u>3,241</u>	<u>2,063</u>	<u>31,881</u>
Revenue, before net of sales surtaxes	6,416,791	12,829,967	2,177,650	1,104,136	22,528,544
Intersegment sales	<u>84,531</u>	<u>21,629</u>	<u>65,781</u>	<u>1,342</u>	<u>173,283</u>
Segment revenue	6,501,322	12,851,596	2,243,431	1,105,478	22,701,827
Eliminations	<u>(84,531)</u>	<u>(21,629)</u>	<u>(65,781)</u>	<u>(1,342)</u>	<u>(173,283)</u>
Group revenue	<u>6,416,791</u>	<u>12,829,967</u>	<u>2,177,650</u>	<u>1,104,136</u>	<u>22,528,544</u>
Segment results	<u>368,799</u>	<u>2,290,143</u>	<u>101,441</u>	<u>10,179</u>	<u>2,770,562</u>
<b>Reconciliation:</b>					
Exchange losses, net					(14,889)
Finance costs					(449,918)
Interest income					59,545
Investment income					1,160
Gains arising from financial assets at FVTPL					<u>42,583</u>
Profit before tax					<u>2,409,043</u>
Income tax expense					<u>(699,395)</u>
<b>As at 30 June 2024 (Unaudited)</b>					
Segment assets	40,395,362	23,906,923	7,162,170	4,972,796	76,437,251
Unallocated assets					<u>7,327,693</u>
Total assets					<u>83,764,944</u>
Segment liabilities	6,386,468	9,467,388	1,501,360	1,358,223	18,713,439
Unallocated liabilities					<u>22,030,777</u>
Total liabilities					<u>40,744,216</u>

Six months ended 30 June 2023 (Unaudited)

	Drilling services <i>RMB'000</i>	Well services <i>RMB'000</i>	Marine support services <i>RMB'000</i>	Geophysical acquisition and surveying services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue</b>					
Sales to external customers, net of sales surtaxes	5,422,482	10,607,890	1,904,706	914,803	18,849,881
Sales surtaxes	<u>5,181</u>	<u>14,710</u>	<u>1,974</u>	<u>1,848</u>	<u>23,713</u>
Revenue, before net of sales surtaxes	5,427,663	10,622,600	1,906,680	916,651	18,873,594
Intersegment sales	<u>112,510</u>	<u>15,900</u>	<u>83,199</u>	<u>1,781</u>	<u>213,390</u>
Segment revenue	5,540,173	10,638,500	1,989,879	918,432	19,086,984
Eliminations	<u>(112,510)</u>	<u>(15,900)</u>	<u>(83,199)</u>	<u>(1,781)</u>	<u>(213,390)</u>
Group revenue	<u><u>5,427,663</u></u>	<u><u>10,622,600</u></u>	<u><u>1,906,680</u></u>	<u><u>916,651</u></u>	<u><u>18,873,594</u></u>
Segment results	<u><u>312,479</u></u>	<u><u>1,726,236</u></u>	<u><u>45,512</u></u>	<u><u>(46,771)</u></u>	<u><u>2,037,456</u></u>
<b>Reconciliation:</b>					
Exchange gains, net					168,580
Finance costs					(486,907)
Interest income					76,602
Investment income					10,248
Gains arising from financial assets at FVTPL					<u>56,523</u>
Profit before tax					<u><u>1,862,502</u></u>
Income tax expense					<u><u>(406,413)</u></u>
As at 31 December 2023 (Audited)					
Segment assets	39,644,136	22,216,241	6,817,305	4,738,054	73,415,736
Unallocated assets					<u>9,830,098</u>
Total assets					<u><u>83,245,834</u></u>
Segment liabilities	6,308,672	10,752,214	1,181,131	1,343,148	19,585,165
Unallocated liabilities					<u>21,404,563</u>
Total liabilities					<u><u>40,989,728</u></u>

## 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 Chinese Mainland. Activities outside Chinese Mainland are mainly conducted in the Middle East, Indonesia, Mexico and Norway.

In determining the Group's geographical information, revenue is presented below based on the locations of operations.

The following table presents revenue information for the Group's geographical areas for the six months ended 30 June 2024 and 2023.

### Six months ended 30 June 2024 (Unaudited)

	<b>Domestic</b> <b>RMB'000</b>	<b>International</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
Segment revenue:			
Sales to external customers	16,975,503	5,553,041	22,528,544
Less: Sales surtaxes	<u>(31,881)</u>	<u>–</u>	<u>(31,881)</u>
Revenue, net of sales surtaxes	<u><b>16,943,622</b></u>	<u><b>5,553,041</b></u>	<u><b>22,496,663</b></u>

### Six months ended 30 June 2023 (Unaudited)

	Domestic <i>RMB'000</i>	International <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:			
Sales to external customers	14,923,482	3,950,112	18,873,594
Less: Sales surtaxes	<u>(23,713)</u>	<u>–</u>	<u>(23,713)</u>
Revenue, net of sales surtaxes	<u><b>14,899,769</b></u>	<u><b>3,950,112</b></u>	<u><b>18,849,881</b></u>

### 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% (six months ended 30 June 2023: 81%) of the total sales of the Group for the six months ended 30 June 2024.



## 5. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers	<b>21,800,848</b>	18,367,945
Revenue arising from operating leases	<b>727,696</b>	505,649
<b>Total</b>	<b><u>22,528,544</u></b>	<b><u>18,873,594</u></b>

### Disaggregation of revenue from contracts with customers, before net of sales surtaxes for the six months ended 30 June 2024 and 2023

Segments	<u>Six months ended 30 June 2024 (Unaudited)</u>				
	Drilling services <i>RMB'000</i>	Well services <i>RMB'000</i>	Marine support services <i>RMB'000</i>	Geophysical acquisition and surveying services <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
At a point of time	–	276,451	–	–	276,451
Over time	<u>5,798,370</u>	<u>12,486,955</u>	<u>2,134,936</u>	<u>1,104,136</u>	<u>21,524,397</u>
<b>Total</b>	<b><u>5,798,370</u></b>	<b><u>12,763,406</u></b>	<b><u>2,134,936</u></b>	<b><u>1,104,136</u></b>	<b><u>21,800,848</u></b>
	<u>Six months ended 30 June 2023 (Unaudited)</u>				
Segments	Drilling services <i>RMB'000</i>	Well services <i>RMB'000</i>	Marine support services <i>RMB'000</i>	Geophysical acquisition and surveying services <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition					
At a point of time	–	792,250	–	–	792,250
Over time	<u>4,956,159</u>	<u>9,796,205</u>	<u>1,906,680</u>	<u>916,651</u>	<u>17,575,695</u>
<b>Total</b>	<b><u>4,956,159</u></b>	<b><u>10,588,455</u></b>	<b><u>1,906,680</u></b>	<b><u>916,651</u></b>	<b><u>18,367,945</u></b>

Most of the Group's contracts with customers are generally provided for payment on a day rate or operation volume basis. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has the right to invoice.

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

Six months ended 30 June 2024 (Unaudited)					
Segments	Drilling services <i>RMB'000</i>	Well services <i>RMB'000</i>	Marine support services <i>RMB'000</i>	Geophysical acquisition and surveying services <i>RMB'000</i>	Revenue from contracts with customers <i>RMB'000</i>
Segment revenue	6,501,322	12,851,596	2,243,431	1,105,478	22,701,827
Less: Revenue arising from operating leases	(618,421)	(66,561)	(42,714)	-	(727,696)
Eliminations	(84,531)	(21,629)	(65,781)	(1,342)	(173,283)
Revenue from contracts with customers	<u>5,798,370</u>	<u>12,763,406</u>	<u>2,134,936</u>	<u>1,104,136</u>	<u>21,800,848</u>
Six months ended 30 June 2023 (Unaudited)					
Segments	Drilling services <i>RMB'000</i>	Well services <i>RMB'000</i>	Marine support services <i>RMB'000</i>	Geophysical acquisition and surveying services <i>RMB'000</i>	Revenue from contracts with customers <i>RMB'000</i>
Segment revenue	5,540,173	10,638,500	1,989,879	918,432	19,086,984
Less: Revenue arising from operating leases	(471,504)	(34,145)	-	-	(505,649)
Eliminations	(112,510)	(15,900)	(83,199)	(1,781)	(213,390)
Revenue from contracts with customers	<u>4,956,159</u>	<u>10,588,455</u>	<u>1,906,680</u>	<u>916,651</u>	<u>18,367,945</u>

## 6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gains arising from lease modifications and termination	(25)	(11,342)
Losses on disposal of property, plant and equipment, net	<u>17,285</u>	<u>19,180</u>
Other gains and losses, net	<u>17,260</u>	<u>7,838</u>
Lease expenses in respect of land and buildings, berths and equipment (Note)	999,814	993,396
Investment income	(1,160)	(10,248)
Cost of inventories recognised as expense	3,425,781	3,057,561
Gains arising from financial assets at FVTPL	(42,583)	(56,523)
Provision of impairment of inventories	3,467	3,945
(Reversal)/provision of impairment of accounts receivable	(3,528)	17,141
(Reversal)/provision of impairment of other receivables	(1,028)	1,526
Exchange losses/(gains), net	<u>14,889</u>	<u>(168,580)</u>

Note: Lease expenses for the six months ended 30 June 2024 and 2023 represent short-term leases and variable lease payments not included in the measurement of lease liabilities.

## 7. 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 associate in Chinese Mainland is 25%.

According to the High-New Technical Enterprise ("HNTE") certificate renewed by the Company in December 2023, the CIT rate of the Company is 15% for the years from 2023 to 2025.

According to the HNTE certificate renewed by the Group's subsidiary 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 followed by a 3-year 50% exemption 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 in October 2021, the CIT rate of China France Bohai is 15% for the years from 2021 to 2023 and the renewal is still in application. The company temporarily calculates the income tax expense for 2024 at a tax rate of 15%.

According to the HNTE certificate obtained by 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	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Indonesia	22%	22%
Mexico	30%	30%
Norway	22%	22%
The United Kingdom	25%	19% (January-March 2023) 25% (April-June 2023)
Iraq	<b>Withholding tax based on 7% of revenue generated in Iraq</b>	Withholding tax based on 7% of revenue generated in Iraq
United Arab Emirates	<b>Not subject to any income tax</b>	Not subject to any income tax
Singapore	17%	17%
The United States of America	21%	21%
Canada	<b>Net federal corporate income tax of 15% and provincial income tax rates of 8%</b>	Net federal corporate income tax of 15% and provincial income tax ranging from 8% to 16%, depending on the province and the size of the business
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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current	<b>804,644</b>	206,251
Deferred	<b>(105,249)</b>	200,162
	<hr/>	<hr/>
Total tax charge for the period	<b><u>699,395</u></b>	<b><u>406,413</u></b>

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for Chinese Mainland, where the Company, certain subsidiaries and its key joint ventures and associate 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:

	<b>Six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit before tax	<b>2,409,043</b>		1,862,502	
Tax at the statutory tax rate of 25% (2023: 25%)	<b>602,261</b>	<b>25.0</b>	465,626	25.0
Tax effect as HNTE and tax incentives	<b>(240,455)</b>	<b>(10.0)</b>	(219,249)	(11.8)
Income not subject to tax	<b>(1,540)</b>	<b>(0.1)</b>	(3,035)	(0.2)
Tax effect of share of profit of an associate and joint ventures	<b>(23,950)</b>	<b>(1.0)</b>	(18,486)	(1.0)
Expenses not deductible for tax	<b>136,281</b>	<b>5.7</b>	76,324	4.1
Tax benefit for qualifying research and development expenses	<b>(109,024)</b>	<b>(4.5)</b>	(95,301)	(5.1)
Effect of different tax rates for overseas subsidiaries	<b>254,900</b>	<b>10.6</b>	215,919	11.6
Effect of different tax rates applied to the period of reversal of the temporary differences	<b>16,625</b>	<b>0.7</b>	-	-
Tax effect of tax losses and deductible temporary differences unrecognised	<b>1,226</b>	<b>0.1</b>	10,030	0.5
Utilisation of tax losses previously not recognised	<b>(22,419)</b>	<b>(0.9)</b>	(13,229)	(0.7)
Under/(over) provision in respect of prior year	<b>28,586</b>	<b>1.2</b>	(4,452)	(0.2)
Tax effect on translation adjustment ( <i>Note</i> )	<b>(8,035)</b>	<b>(0.3)</b>	(15,701)	(0.8)
Reversal of tax losses and deductible temporary differences previously recognised	<b>63,287</b>	<b>2.4</b>	-	-
Others	<b>1,652</b>	<b>0.1</b>	7,967	0.4
	<hr/>	<hr/>	<hr/>	<hr/>
Total tax charge at the Group's effective tax rate	<b><u>699,395</u></b>	<b><u>29.0</u></b>	<b><u>406,413</u></b>	<b><u>21.8</u></b>

*Note:* The translation adjustment mainly relates to the tax effect of difference between the profit before tax determined on the tax basis in NOK and that determined on the accounting basis of some group companies in Norway in US dollars, the functional currency of these companies.



## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2024, the Group acquired certain machinery and equipment, vessels and drilling rigs with an aggregate amount of approximately RMB2,326,453,000 (six months ended 30 June 2023: RMB1,605,904,000), of which approximately RMB1,818,683,000 was transferred from construction in progress (six months ended 30 June 2023: RMB820,385,000). Additions of construction in progress amounting to approximately RMB2,006,308,000 were recognised during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,067,202,000). Drilling rigs, machinery and equipment with an aggregate net carrying amount of RMB60,380,000 (six months ended 30 June 2023: RMB67,839,000) were disposed by the Group of during the six months ended 30 June 2024, resulting in a loss on disposal of RMB17,285,000 (six months ended 30 June 2023: loss on disposal of RMB19,180,000).

Out of the total finance costs incurred, no finance costs was capitalised in property, plant and equipment in the six months ended 30 June 2024 and 2023.

No impairment losses were recognised in the six months ended 30 June 2024 and 2023 after the Group's due impairment assessment in the light of the current economic environment in certain markets in which the Group operates as well as the fluctuated upward oil price.

In the said impairment assessment, the recoverable amount of the relevant assets, each of which was identified as a cash-generating unit within the drilling services segment, marine support services segment and geophysical acquisition and surveying services segment, has been determined based on the higher of fair value less costs of disposal and value in use.

## **11. RIGHT-OF-USE ASSETS**

During the six months ended 30 June 2024, the Group entered into certain lease agreements and recognised right-of-use assets of RMB225,430,000 (six months ended 30 June 2023: RMB282,749,000) and lease liabilities of RMB225,430,000 (six months ended 30 June 2023: RMB282,749,000) on lease commencement.

## **12. GOODWILL**

Goodwill was generated in the acquisition of COSL Holding AS in 2008, which was combined into COSL Norwegian AS by merger during the year ended 31 December 2016 (collectively referred to as "CNA"), and was allocated to a group of the drilling services cash-generating units under the drilling services segment for impairment testing. The Group impaired the goodwill in full in 2016.

### 13. ACCOUNTS RECEIVABLE

The Group normally allows a credit period of 30 to 45 days to its trade customers in Chinese Mainland and no more than 6 months to 1 year to its trade customers with good trading history overseas.

The following is an ageing analysis of accounts receivable net of allowance for credit losses, as at the end of the reporting period, presented based on the invoice dates.

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within one year	18,306,393	14,022,147
One to two years	83,758	84,805
Over two years	<u>16,604</u>	<u>18,216</u>
Total	<u><b>18,406,755</b></u>	<u>14,125,168</u>

### 14. OTHER CURRENT ASSETS/LIABILITIES AND OTHER NON-CURRENT ASSETS/LIABILITIES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Value-added tax to be deducted and prepaid	332,990	292,184
Others	<u>64,870</u>	<u>41,680</u>
Other current assets	<u><b>397,860</b></u>	<u>333,864</u>
Output value-added tax to be recognised	(671,259)	(384,377)
Provision due within one year ( <i>Note (a)</i> )	<u>(17,425)</u>	<u>(41,385)</u>
Other current liabilities	<u><b>(688,684)</b></u>	<u>(425,762)</u>
Value-added tax recoverable	269,658	236,514
Deposits paid for the acquisition of property, plant and equipment	<u>100,556</u>	<u>179,412</u>
Other non-current assets	<u><b>370,214</b></u>	<u>415,926</u>
Provision	<u>(11,430)</u>	<u>(11,430)</u>
Other non-current liabilities	<u><b>(11,430)</b></u>	<u>(11,430)</u>

*Note:*

- (a) CNA, a subsidiary of the Company, signed the long-term drilling service contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Company recognises the estimated loss of the contract as a liability.



## 15. TRADE AND OTHER PAYABLES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade payables	<b>14,227,034</b>	13,254,205
Other payables	<b>725,062</b>	1,085,021
Total	<b><u>14,952,096</u></b>	<u>14,339,226</u>

The ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Outstanding balances aged:		
Within one year	<b>13,690,436</b>	12,701,339
One to two years	<b>493,533</b>	505,566
Two to three years	<b>10,939</b>	12,472
Over three years	<b>32,126</b>	34,828
Total	<b><u>14,227,034</u></b>	<u>13,254,205</u>

## 16. LOANS FROM RELATED PARTIES

		Contractual interest rate per annum (%)	Year of maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current	(a)	1M SOFR+0.5%	Revolving loan	2,494,380	2,478,945
Current	(b)	3M SOFR+0.5%	2025	5,510	–
Current	(c)	1M SOFR+0.4%	2025	1,250	–
				<u>2,501,140</u>	<u>2,478,945</u>
Non-current	(d)	1M SOFR+0.4%	2027	943,133	937,460
Non-current	(e)	1M SOFR+0.4%	2027	591,354	588,226
Non-current	(b)	3M SOFR+0.5%	2027	710,423	711,200
Non-current	(c)	1M SOFR+0.4%	2028	413,354	412,110
				<u>2,658,264</u>	<u>2,648,996</u>
Unsecured loans from related parties				<u>5,159,404</u>	<u>5,127,941</u>

### Notes:

- (a) During the six-month period ended 30 June 2024, the Group had a revolving loan of US\$350,000,000 from a fellow subsidiary Overseas Oil & Gas Corporation, Ltd. (“OOGC”). The loan from related party is repayable in a lump sum and interest-bearing installments at an effective interest rate of one-month Secured Overnight Financing Rate (“SOFR”)+0.5% per annum, while the carried interest was at an effective interest rate of one-month LIBOR+0.5% before July 2023. The proceeds were used to finance CNA’s daily operation.
- (b) 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 repayable in a lump sum and interest-bearing installments at an effective interest rate of three-month SOFR+0.5% per annum. The current portion of loans from related parties is those to be mature within one year at the end of the period, which is about RMB5,510,000. The proceeds were used to finance COSL Middle East FZE’s daily operation.
- (c) 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 repayable in a lump sum and interest-bearing installments at an effective interest rate of one-month SOFR+0.4% per annum. The current portion of loans from related parties is those to be mature within one year at the end of the period, which is about RMB1,250,000. The proceeds were used to finance COSL Middle East FZE’s daily operation.
- (d) 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 repayable in a lump sum and interest-bearing installments at an effective interest rate of one-month SOFR+0.4% per annum. The proceeds were used to finance CNA’s daily operation.
- (e) 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 repayable in a lump sum and interest-bearing installments at an effective interest rate of one-month SOFR+0.4% per annum. The proceeds were used to finance CNA’s daily operation.

## 17. INTEREST-BEARING BANK BORROWINGS

		Contractual interest rate	Year of maturity	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 <b>RMB'000</b> <b>(Audited)</b>
China Development Bank					
– unsecured	(a)	1.08%	2035	<b>169,673</b>	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	<b>1,687,030</b>	<u>1,691,136</u>
Total				<b><u>1,856,703</u></b>	<u>3,122,911</u>
Current				<b>1,705,293</b>	2,965,515
Non-current				<b><u>151,410</u></b>	<u>157,396</u>
Total				<b><u>1,856,703</u></b>	<u>3,122,911</u>

### 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 six-month period ended 30 June 2024 was 1.08% per annum (for the year ended 31 December 2023: 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 operation. As at 30 June 2024, the loan was fully repaid.
- (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 services projects.

## 18. LONG-TERM BONDS

	Year of maturity	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 <b>RMB'000</b> <b>(Audited)</b>
2016 Corporate bonds (Type II of the First Tranche Issue as defined below) ( <i>Note (a)</i> )	2026	<b>3,011,153</b>	3,072,443
Guaranteed medium-term notes Second Drawdown Note ( <i>Note (b)</i> )	2025	<b>3,627,584</b>	3,603,447
Guaranteed senior notes 2025 Notes ( <i>Note (c)</i> )	2025	<b>3,561,270</b>	3,538,189
2030 Notes ( <i>Note (c)</i> )	2030	<b>2,123,675</b>	2,109,441
Total		<b><u>12,323,682</u></b>	<b><u>12,323,520</u></b>
Current		<b>3,640,932</b>	140,744
Non-current		<b><u>8,682,750</u></b>	<b><u>12,182,776</u></b>
Total		<b><u>12,323,682</u></b>	<b><u>12,323,520</u></b>

### 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 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. The Company has unconditionally and irrevocably guaranteed the due and punctual payment of guaranteed senior notes.
- (c) At 24 June 2020, COSL Singapore Capital Ltd. 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.

## **19. CONTINGENT EVENT**

An overseas subsidiary of the Group is subject to tax obligation in its jurisdiction. There are some tax investigations in progress. Differences in 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. Based on the information available, the possible outcomes of the above differences in views cannot be estimated at this stage. The management of the Group is assessing the possible future impact of matters, and will continue to maintain communication with the tax authority.

## **20. SUBSEQUENT EVENT**

The Group has no significant subsequent events needed to be disclosed.

## **21. REVIEW OF INTERIM FINANCIAL RESULTS**

The interim financial results for the six months ended 30 June 2024 have been reviewed with no disagreement by the Audit Committee of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY OVERVIEW**

In the first half of 2024, international oil prices showed a wide-range of fluctuations at a relatively high level, the global demand for oil and gas continued to increase, oil and gas companies increased their investment in oil and gas exploration and development, and the global investment scale of upstream exploration and development maintained an overall steady growth. In particular, the proportion of the upstream capital expenditure of deep layer, ultra-deep layer, deep water and unconventional oil and gas fields to the total capital expenditure has increased in different extents. In the first half of 2024, benefiting from the rise in market activity, the optimization of global resource allocation, the improvement of technological innovation capacity and strengthening of cost control, the oilfield service market continued to recover, and the oilfield service industry showed a positive development momentum. According to the Spears & Associates, it is anticipated that the scale of global oilfield service market in 2024 will increase by 7.1% compared with the same period of last year and the development of the industry will show a strong momentum.

### **BUSINESS REVIEW**

In the first half of 2024, under the background of sustained global economic recovery, and the combined impact of “OPEC+” production reduction and financial markets on the oil and gas industry, the crude oil prices showed a wide-range of fluctuations at a relatively high level, the upstream exploration and development investment continued to increase, and the scale of oilfield service market grew steadily. On the basis of fully ensuring the domestic strengthening of reserves and production, the Company has continuously deepened its ability to explore the international market and promoted the increasing amount of new contracts signed in overseas markets; the Company has constantly optimized the business model and paid more attention to value creation and brand shaping; the Company has constantly strengthened the development foundation of scientific and technological innovation, gave play to the role of the “national team” in tackling key core technologies, and promoted the transformation of “key variables” of scientific and technological innovation into “core increments” of high-quality development. In the first half of the year, the Company’s revenue was RMB22,496.7 million, representing an increase of RMB3,646.8 million or 19.3% compared with the same period of last year. The net profit was RMB1,709.6 million, representing an increase of RMB253.5 million or 17.4% compared with the same period of last year.

## Drilling Services Segment

Revenue from the Company's drilling services segment in the first half of the year was RMB6,408.4 million, representing an increase of RMB985.9 million or 18.2% compared with RMB5,422.5 million for the same period of last year.

In the first half of 2024, the global utilisation rate of drilling rigs remained stable. The Company closely followed the market changes of offshore floating drilling rigs, and continuously explored the internal lean management and digital operation schemes to help improve the production quality and efficiency. The first "Intelligent Monitoring System for Key Equipment of Offshore Drilling Rigs" of the Company was successfully applied in the "HYSY982" rig, and the electronic safety monitoring system "Golden Eye" independently developed by the Company was successfully applied in the "HYSY942" rig, marking an important step for China's offshore oil industry to be intelligent and digital. The "HYSY946" rig successfully refreshed the record of the deepest drilling operation in the Bohai Oilfield, injecting new power into the development of China's oil and gas exploration in the Bohai Sea. The "NH7" rig successfully completed the sea trial operation of the first integrated underwater wellhead system of CNOOC, and its operation performance was highly recognized by customers. The "China Merchants Hailong 9" rig successfully completed the first deep offshore well in China, setting a new record for the largest extended-reach well in China. The Company optimized the incentive scheme to help a number of "new, excellent and fast" projects to improve the efficiency by more than 8% in total, and successfully signed a drilling business contract in South America. In the first half of the year, the Company completed the entry of "HYSY946" rig, "HYSY947" rig and "Guoshuo" rig into the Bohai Sea, continuously strengthened its equipment support capability, and made efforts to provide equipment resource support for strengthening reserves and production.

As of 30 June 2024, the Company operated and managed a total of 61 drilling rigs, including 47 jack-up drilling rigs and 14 semi-submersible drilling rigs. Of these, 43 drilling rigs were in China and 18 drilling rigs were in overseas. In the first half of the year, operating days for the Company's drilling rigs amounted to 8,961 days, representing an increase of 172 days or 2.0% compared with the same period of last year. Among which, operating days for jack-up drilling rigs amounted to 7,038 days, representing an increase of 231 days compared with the same period of last year; operating days for semi-submersible drilling rigs amounted to 1,923 days, representing a decrease of 59 days compared with the same period of last year. Calendar day utilisation rate of drilling rigs was 80.8%, representing an increase of 1.4 percentage points compared with the same period of last year. Among which, the utilisation rate of jack-up drilling rigs was 82.4%, representing an increase of 2.7 percentage points compared with the same period of last year.

Operation details for the Company's jack-up and semi-submersible drilling rigs in the first half of 2024 are as follows:

<b>Drilling Services</b>	<b>For the six months ended 30 June</b>		<b>Percentage change/Change</b>
	<b>2024</b>	<b>2023</b>	
<b>Operating days (day)</b>	<b>8,961</b>	8,789	2.0%
Jack-up drilling rigs	<b>7,038</b>	6,807	3.4%
Semi-submersible drilling rigs	<b>1,923</b>	1,982	(3.0%)
<b>Available day utilisation rate</b>	<b>85.3%</b>	86.5%	Down 1.2 percentage points
Jack-up drilling rigs	<b>85.8%</b>	87.0%	Down 1.2 percentage points
Semi-submersible drilling rigs	<b>83.5%</b>	85.0%	Down 1.5 percentage points
<b>Calendar day utilisation rate</b>	<b>80.8%</b>	79.4%	Up 1.4 percentage points
Jack-up drilling rigs	<b>82.4%</b>	79.7%	Up 2.7 percentage points
Semi-submersible drilling rigs	<b>75.5%</b>	78.2%	Down 2.7 percentage points

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

<b>Average daily revenue (ten thousand US\$/day)</b>	<b>For the six months ended 30 June</b>			<b>Percentage change</b>
	<b>2024</b>	<b>2023</b>	<b>Change</b>	
Jack-up drilling rigs	<b>7.4</b>	6.9	0.5	7.2%
Semi-submersible drilling rigs	<b>13.4</b>	12.3	1.1	8.9%
Drilling rigs average	<b>8.6</b>	<b>8.2</b>	<b>0.4</b>	<b>4.9%</b>

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

(2) US\$/RMB exchange rate was 1:7.1268 on 30 June 2024 and 1:7.2258 on 30 June 2023.



## Well Services Segment

The first half of the year maintained an increase in the operation volume of main business lines in the Company's well services segment compared with the same period of last year, and the overall revenue of the segment was RMB12,811.8 million, representing an increase of RMB2,203.9 million or 20.8% compared with RMB10,607.9 million for the same period of last year.

In the first half of 2024, the Company continued to promote the construction of independent innovation capability, accelerated the promotion of self-developed system, continuously made breakthroughs and achievements in the field of exploration, development and production of offshore oil and gas, and steadily improved the output and transformation capability of scientific research achievements. The Company's first self-developed "Haihong" well completion system intelligent factory for offshore oil and gas was completed and put into production, effectively improving the stability of the product quality of Company's high-end well completion tools. The self-developed "Xuanji" system has been successfully applied in a domestic onshore oilfield, and the success rate of rotary steering instruction reached 100%, which broke several operating records and was recognized by customers. The first full-professional autonomous fracturing and filling sand control operation was successfully implemented in an oilfield in the Bohai Sea, which broke technical barriers and had the independent service capability for the full chain of fracturing, filling, sand control and well completion, effectively enhancing the core competitiveness of the Company's well completion technology. The self-developed well disposal tool completed the first offshore operation, realizing the first application of underwater well recovery device, and effectively improving the Company's deep-water well disposal business capability, and the Company continuously cultivated and improved the service capability of the whole industry chain of disposal integration.

The Company promoted continuous breakthroughs in overseas markets with the advantages of independent innovation technology. The Company's self-developed electromechanical cutting instrument was exported for the first time and the product quality was recognized by oversea customers, which further broadened the categories of the exported products of the Company. The international export business level was continuously improved. The Company successfully signed service contracts for drilling & completion fluids, wireline logging and other projects in Southeast Asia. The Company has always completed the delivery of projects with high standards and high efficiency, winning the trust and recognition from customers, and achieved remarkable results in business expansion.

## Marine Support Services Segment

In the first half of the year, revenue from the Company’s marine support services segment was RMB2,174.4 million, representing an increase of RMB269.7 million or 14.2% compared with RMB1,904.7 million for the same period of last year.

In the first half of 2024, the Company always focused on the “differentiated” demand of marine support services, provided “customized” services, steadily enhanced the reserve capacity of equipment resource pool, ensured the supply of marine support resources, and continuously increased the offshore market share of China. During the period, the Company successfully launched the second marine support service project in Oceania, accelerated the pace of development of overseas markets, and realized the high-quality development of overseas marine support services; the “COSL223” vessel successfully completed a large-scale and difficult hoisting operation in Southeast Asia and the Company received a letter of commendation from the customer; the OSV Special Operations Center completed the ultra-difficult precise positioning operation in a safe, high-quality and efficient manner; and the LNG vessels had remarkable energy-saving and environmental protection effects, and the Company continued to promote green and low-carbon research and application, reduced the energy consumption of vessels and effectively reduced carbon emissions.

As of 30 June 2024, the Company operated and managed a total of over 200 vessels, including AHTS vessels, platform supply vessels and standby vessels, etc. The operating days amounted to 32,531, representing an increase of 5,340 days compared with the same period of last year. The operation volume of main businesses increased. Details are in the following table:

Marine Support Services	For the six months ended 30 June		Percentage change
	2024	2023	
Operating days (day)	<b>32,531</b>	27,191	19.6%
Standby vessels	<b>5,809</b>	5,735	1.3%
AHTS vessels	<b>14,408</b>	10,457	37.8%
Platform supply vessels	<b>10,269</b>	8,904	15.3%
Multi-purpose vessels	<b>1,503</b>	1,371	9.6%
Workover support barges	<b>542</b>	724	(25.1%)

## Geophysical Acquisition and Surveying Services Segment

Revenue from the Company's geophysical acquisition and surveying services segment was RMB1,102.1 million for the first half of the year, representing an increase of RMB187.3 million or 20.5% compared with the same period of last year.

In the first half of 2024, the Company was committed to transforming the technical capability of high-quality equipment into the capability of high-quality market development, and the income from overseas operation of segment accounted for more than 50% for the first time, promoting the wide application of domestically-produced seismic exploration equipment. In the first half of the year, the Company completed the external sales of the first set of "Haijing" system. The self-developed full waveform inversion imaging technology was firstly applied in a key 3D seismic project in the Bohai Sea. The "HYSY721" fleet successfully completed the 3D seismic acquisition task in West Africa, creating two records of the maximum daily production area and the maximum monthly production area of the fleet's 3D seismic exploration. The Company successfully signed a high-value seismic acquisition contract with an international oil company, expanding the high-end customers and high-end markets for geophysical services. The Company successfully signed a contract for 3D seismic acquisition operation in Southeast Asia, further enhancing the Company's brand image of geophysical services in Southeast Asia and surrounding markets, and promoting the steady development of overseas geophysical services.

As of 30 June 2024, with the impact of market layout and adjustment of production capacity, the operation volume of the Company's 2D acquisition was 11,174 km, representing a decrease of 13.6% as compared with the same period of last year. The 3D acquisition operation volume was 16,370 km<sup>2</sup>, representing an increase of 189.5% as compared with the same period of last year. The total operation volume of ocean bottom amounted to 470 km<sup>2</sup>, representing a decrease as compared with the same period of last year. Details are as follows:

Geophysical Acquisition and Surveying Services	For the six months ended 30 June		Percentage change
	2024	2023	
2D acquisition (km)	<b>11,174</b>	12,931	(13.6%)
3D acquisition (km <sup>2</sup> )	<b>16,370</b>	5,654	189.5%
Ocean bottom cable (km <sup>2</sup> )	<b>193</b>	627	(69.2%)
Ocean bottom node (km <sup>2</sup> )	<b>277</b>	192	44.3%

## FINANCIAL REVIEW

### 1.1 Revenue

In the first half of 2024, the Company closely kept up with the recovery industry environment, and revenue of the Company increased by RMB3,646.8 million or 19.3% compared with the same period of last year. The detailed analysis is set out below:

Revenue of each business segment for the first half of 2024:

<i>Unit: RMB million</i>	<b>For the six months ended 30 June</b>			Percentage change
	<b>2024</b>	2023	Change	
<b>Business segment</b>				
Drilling services	<b>6,408.4</b>	5,422.5	985.9	18.2%
Well services	<b>12,811.8</b>	10,607.9	2,203.9	20.8%
Marine support services	<b>2,174.4</b>	1,904.7	269.7	14.2%
Geophysical acquisition and surveying services	<b>1,102.1</b>	914.8	187.3	20.5%
Total	<b><u>22,496.7</u></b>	<u>18,849.9</u>	<u>3,646.8</u>	<u>19.3%</u>

Revenue generated from drilling services business increased by 18.2% over the same period of last year, which was mainly due to the increase in operation volume and utilisation rate of drilling rigs during the period since the Company continued to focus on the effective matching of equipment resource and market demand.

Revenue from well services business increased by 20.8% over the same period of last year, which was due to the fact that the Company continued to accelerate the promotion of its self-developed system and achieved remarkable market expansion results, therefore, operation volume of main business lines maintained growth.

Revenue from marine support services business increased by 14.2% over the same period of last year, which was mainly due to the increase in operation volume of self-owned vessels and chartered vessels during the period.

Revenue from geophysical acquisition and surveying services business increased by 20.5% over the same period of last year, which was due to the fact that the Company continued to strengthen its efforts on developing international market and obtained a number of new overseas operation orders, and the 3D acquisition business increased during the period.

## 1.2 Operating expenses

In the first half of 2024, the Company's operating expenses amounted to RMB20,018.8 million, representing an increase of RMB3,032.4 million or 17.9% from RMB16,986.4 million for the same period of last year.

The table below breaks down the Company's operating expenses for the first half of 2024:

<i>Unit: RMB million</i>	<b>For the six months ended 30 June</b>			Percentage change
	<b>2024</b>	2023	Change	
Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library	<b>2,837.4</b>	2,432.1	405.3	16.7%
Depreciation of right-of-use assets	<b>198.3</b>	194.4	3.9	2.0%
Employee compensation costs	<b>3,899.5</b>	3,346.5	553.0	16.5%
Repair and maintenance costs	<b>258.5</b>	175.6	82.9	47.2%
Consumption of supplies, materials, fuel, services and others	<b>4,846.3</b>	4,428.5	417.8	9.4%
Subcontracting expenses	<b>5,999.2</b>	4,766.8	1,232.4	25.9%
Lease expenses	<b>999.8</b>	993.4	6.4	0.6%
Impairment loss under expected credit losses model, net of reversal	<b>(4.6)</b>	18.7	(23.3)	(124.6%)
Other operating expenses	<b>984.4</b>	630.4	354.0	56.2%
<b>Total operating expenses</b>	<b><u>20,018.8</u></b>	<u>16,986.4</u>	<u>3,032.4</u>	<u>17.9%</u>

Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library for the period increased by RMB405.3 million or 16.7% compared with the same period of last year.

Depreciation of right-of-use assets for the period increased by RMB3.9 million compared with the same period of last year, which was basically consistent with the same period of last year.

Employee compensation costs for the period increased by RMB553.0 million or 16.5% compared with the same period of last year.

Repair and maintenance costs for the period increased by RMB82.9 million or 47.2% compared with the same period of last year, which was mainly due to the fact that the repair arrangements for the period increased compared with the same period of last year.

Consumption of supplies, materials, fuel, services and others for the period increased by RMB417.8 million or 9.4% compared with the same period of last year.

Subcontracting expenses for the period increased by RMB1,232.4 million or 25.9% compared with the same period of last year, mainly due to the increase in the operation volume for the period, which led to the increase in flexible services and business subcontracting input.

Lease expenses for the period increased by RMB6.4 million compared with the same period of last year, which was basically consistent with the same period of last year.

Other operating expenses for the period amounted to RMB984.4 million, which mainly included more than 30 cost items including travel expenses, business trip expenses, office expenses, expenses for library materials, health, safety and environmental protection expenses, transfer fee for technology, weather guarantee fees, consulting fees, audit fees and so on, representing an increase of RMB354.0 million compared with the same period of last year, mainly due to the provision of overdue fines, etc., for the taxation matter of “withholding VAT on overseas dry rent” in Mexico with total amount of RMB95.8 million and increase or decrease in other items. Among which, during the period, health, safety and environmental protection expenses amounted to RMB238.0 million, representing an increase of RMB39.3 million compared with the same period of last year; transfer fees for technology amounted to RMB110.3 million, representing an increase of RMB46.4 million compared with the same period of last year; travel expenses amounted to RMB99.4 million, representing an increase of RMB48.0 million compared with the same period of last year; project management fees amount to RMB59.8 million, business trip expenses amounted to RMB38.7 million, and audit fees, office expenses and other fees amounted to RMB342.4 million in total.

In the same period of 2023, other operating expenses amounted to RMB630.4 million, which mainly included more than 30 cost items including travel expenses, business trip expenses, office expenses, expenses for library materials, health, safety and environmental protection expenses, transfer fee for technology, weather guarantee fees, consulting fees, audit fees and so on. Among which, health, safety and environmental protection expenses amounted to RMB198.7 million, transfer fees for technology amounted to RMB63.9 million, travel expenses amounted to RMB51.4 million, business trip expenses amounted to RMB42.7 million, consulting fees amounted to RMB18.4 million, and audit fees, office expenses and other fees amounted to RMB255.3 million in total.

The table below shows operating expenses for each segment in the first half of 2024:

<i>Unit: RMB million</i>				
<b>For the six months ended 30 June</b>				
<b>Business segment</b>	<b>2024</b>	2023	Change	Percentage change
Drilling services	<b>6,050.2</b>	5,151.4	898.8	17.4%
Well services	<b>10,661.6</b>	8,962.5	1,699.1	19.0%
Marine support services	<b>2,078.5</b>	1,871.0	207.5	11.1%
Geophysical acquisition and surveying services	<b>1,228.5</b>	1,001.5	227.0	22.7%
<b>Total</b>	<b><u>20,018.8</u></b>	<u>16,986.4</u>	<u>3,032.4</u>	<u>17.9%</u>

### 1.3 Profit from operations

The Company's profit from operations in the first half of 2024 amounted to RMB2,692.0 million, representing an increase of RMB720.7 million as compared with RMB1,971.3 million for the same period of last year. The profit from operations for each segment is shown in the table below:

<i>Unit: RMB million</i>				
<b>For the six months ended 30 June</b>				
<b>Business segment</b>	<b>2024</b>	2023	Change	Percentage change
Drilling services	<b>372.8</b>	299.7	73.1	24.4%
Well services	<b>2,244.5</b>	1,705.8	538.7	31.6%
Marine support services	<b>101.3</b>	45.6	55.7	122.1%
Geophysical acquisition and surveying services	<b>(26.6)</b>	(79.8)	53.2	66.7%
<b>Total</b>	<b><u>2,692.0</u></b>	<u>1,971.3</u>	<u>720.7</u>	<u>36.6%</u>

#### **1.4 Financial expenses, net**

In the first half of 2024, the Company's net financial expenses were RMB405.3 million, representing an increase of RMB163.6 million compared with RMB241.7 million for the same period of last year. Of which, affected by the fluctuation of exchange rate, net exchange gain decreased by RMB183.5 million compared with the same period of last year, finance costs decreased by RMB37.0 million compared with the same period of last year, and interest income decreased by RMB17.1 million compared with the same period of last year.

#### **1.5 Investment income**

In the first half of 2024, the Company's investment income amounted to RMB1.2 million, representing a decrease of RMB9.0 million or 88.2% compared with RMB10.2 million for the same period of last year, mainly due to the redemption of wealth management products with floating returns upon maturity.

#### **1.6 Other gains and losses**

In the first half of 2024, net loss from disposal/retirement of assets and the loss from lease modifications were RMB17.3 million in total, while the net loss from disposal/retirement of assets and the loss from lease modifications for the same period of last year were RMB7.8 million in total.

#### **1.7 Profit for the period**

In the first half of 2024, profit for the period of the Company was RMB1,709.6 million, as compared with RMB1,456.1 million for the same period of last year.

#### **1.8 Basic earnings per share**

In the first half of 2024, the Company's basic earnings per share amounted to RMB33.37 cents, as compared with basic earnings per share of RMB28.06 cents for the same period of last year.



## 2. Analysis of interim condensed consolidated statement of financial position

As of 30 June 2024, total assets of the Company amounted to RMB83,764.9 million, representing an increase of RMB519.1 million or 0.6% as compared with RMB83,245.8 million at the end of 2023. Total liabilities were RMB40,744.2 million, representing a decrease of RMB245.5 million or 0.6% as compared with RMB40,989.7 million at the end of 2023. Shareholders' equity was RMB43,020.7 million, representing an increase of RMB764.6 million or 1.8% as compared with RMB42,256.1 million at the end of 2023.

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

*Unit: RMB million*

Items	30 June	31 December	Percentage	
	2024	2023	change	Reasons
Deferred tax assets	11.7	59.1	(80.2%)	Mainly due to the decrease in deferred tax assets recognised in respect of recoverable tax losses of overseas subsidiaries.
Prepayments, deposits and other receivables	406.0	202.8	100.2%	Mainly due to the impact of the provision of tax incentives for refined oil consumption tax refund approved and prepaid insurance for employees.
Accounts receivable	18,406.8	14,125.2	30.3%	Mainly due to the increase in receivables from operation as a result of the increase in operation volume.
Notes receivable	27.6	115.9	(76.2%)	Mainly due to the maturity and recovery of notes.
Financial assets at fair value through profit or loss	506.4	4,501.3	(88.7%)	Mainly attributable to the redemption of wealth management products with floating returns upon maturity.
Receivables at fair value through other comprehensive income	40.5	352.0	(88.5%)	Mainly due to the maturity and recovery of notes.
Contract assets (current assets)	85.0	53.7	58.3%	Mainly due to the entrusted repair of external rigs for which relevant services have been provided but not completed and settled.
Time deposits	541.3	2,226.4	(75.7%)	Mainly due to the maturity and recovery of certificates of large amount deposit.

Unit: RMB million

Items	30 June 2024	31 December 2023	Percentage change	Reasons
Cash and cash equivalents	8,037.5	5,977.5	34.5%	Mainly due to the increase in the recovery amount as a result of the increase in the revenue for the period.
Notes payable	–	7.3	(100.0%)	Mainly due to the acceptance of notes at maturity.
Salary and bonus payables	1,629.4	1,040.4	56.6%	Mainly due to the increase in the number of employees as a result of the increase in workload.
Interest-bearing bank borrowings (current liabilities)	1,705.3	2,965.5	(42.5%)	Mainly due to the repayment of bank loans at maturity.
Long-term bonds (current liabilities)	3,640.9	140.7	2,487.7%	Mainly due to the reclassification of bonds due within one year.
Contract liabilities (current liabilities)	747.5	1,207.4	(38.1%)	Mainly due to the amortisation of mobilization revenue.
Other current liabilities	688.7	425.8	61.7%	Mainly due to the increase in output value-added tax to be recognized.
Deferred tax liabilities	234.9	387.7	(39.4%)	Mainly due to the increase in the deductible temporary differences resulting from the provision of salary payables for the period, represented by net amount at the end of the period.
Employee benefit liabilities	25.6	15.4	66.2%	Mainly due to the fact that employee benefit liabilities were accrued by overseas subsidiaries in accordance with local policies.

### **3. Analysis of interim condensed consolidated statement of cash flows**

At the beginning of 2024, the Company held cash and cash equivalents of RMB5,977.5 million. Net cash inflows from operating activities for the period amounted to RMB1,714.2 million. Net cash inflows from investing activities were RMB3,389.7 million. Net cash outflows from financing activities were RMB3,021.8 million. The impact of foreign exchange rate changes on cash resulted in a decrease of RMB22.1 million. As of 30 June 2024, the Company's cash and cash equivalents amounted to RMB8,037.5 million.

#### ***3.1 Cash flows from operating activities***

In the first half of 2024, the Company's net cash inflows from operating activities amounted to RMB1,714.2 million, as compared with the net cash inflows from operating activities of RMB1,153.5 million for the same period of last year, mainly due to the increase in cash from sales of goods and rendering of services for the period.

#### ***3.2 Cash flows from investing activities***

In the first half of 2024, net cash inflows from the Company's investing activities amounted to RMB3,389.7 million, representing an increase of RMB1,364.0 million in net cash inflows compared with net cash inflows from investing activities of RMB2,025.7 million for the same period of last year, which was mainly due to the increase of RMB4,523.6 million in cash inflows from the proceeds on disposal/maturity of investments in floating rate corporate wealth management products and monetary funds compared with the same period of last year, the increase of RMB2,440.0 million in cash outflows paid for purchase of floating rate corporate wealth management products, monetary funds and time deposits compared with the same period of last year and the increase of RMB633.4 million in the cash outflows paid for purchase of property, plant and equipment and other long-term assets compared with the same period of last year.

#### ***3.3 Cash flows from financing activities***

In the first half of 2024, the Company's net cash outflows from financing activities amounted to RMB3,021.8 million, representing an increase of RMB1,487.0 million in net cash outflows compared with the same period of last year, which was mainly due to the increase of RMB1,261.6 million in cash paid for repayment of bank loans during the period compared with the same period of last year.

**3.4** The impact of foreign exchange rate changes on cash during the period resulted in a decrease of RMB22.1 million in cash.

#### 4. Capital expenditure

In the first half of 2024, the Company's capital expenditure was RMB2,555.2 million, representing an increase of RMB700.7 million or 37.8% compared with RMB1,854.5 million for the same period of last year.

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

<i>Unit: RMB million</i>	<b>For the six months ended 30 June</b>			Percentage change
	<b>2024</b>	2023	Change	
<b>Business segment</b>				
Drilling services	<b>1,235.1</b>	884.0	351.1	39.7%
Well services	<b>999.1</b>	699.4	299.7	42.9%
Marine support services	<b>135.4</b>	61.1	74.3	121.6%
Geophysical acquisition and surveying services	<b>185.6</b>	210.0	(24.4)	(11.6%)
Total	<b><u>2,555.2</u></b>	<u>1,854.5</u>	<u>700.7</u>	<u>37.8%</u>

The capital expenditure of drilling service business is mainly used for the purchase of drilling rigs (while the matter of purchase of 5 drilling rigs was occurred in the second half of 2023), the transformation and renovation of equipment and the special inspection of drilling rigs. The capital expenditure of well services business was 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.

#### 5. 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 of 30 June 2024, the total assets of China Oilfield Services (BVI) Limited amounted to RMB6,424.8 million and equity was RMB1,566.5 million. China Oilfield Services (BVI) Limited realized revenue of RMB2,754.7 million in the first half of 2024, representing an increase of RMB662.3 million or 31.7% compared with the same period of last year. The net profit amounted to RMB139.0 million, representing an increase of RMB194.4 million compared with the same period of last year.

As of 30 June 2024, the total assets of COSL Hong Kong International Limited amounted to RMB7,605.9 million and equity was RMB7,605.9 million. The revenue of COSL Hong Kong International Limited was nil in the first half of 2024. The net profit amounted to RMB212.9 thousand, representing an increase of RMB166.6 thousand compared with the same period of last year, which was mainly due to the increase in investment income as a result of dividend distribution of subsidiaries.

As of 30 June 2024, the total assets of CNA amounted to RMB10,282.6 million and equity was RMB-5,842.1 million. CNA realized revenue of RMB726.8 million in the first half of 2024, representing an increase of RMB128.3 million compared with the same period of last year. The net profit amounted to RMB-473.7 million, representing an increase in loss of RMB183.3 million compared with the same period of last year, which was mainly due to the impact of an increase in preparation costs of new operation rigs.

As of 30 June 2024, the total assets of COSL Singapore Limited amounted to RMB19,729.1 million and equity was RMB-4,592.2 million. COSL Singapore Limited realized revenue of RMB1,891.6 million in the first half of 2024, representing an increase of RMB775.6 million or 69.5% compared with the same period of last year. The net profit amounted to RMB-241.5 million, representing a decrease in loss of RMB196.8 million compared with the same period of last year. COSL PROSPECTOR PTE. LTD. is a major drilling rig subsidiary of COSL Singapore Limited.

As of 30 June 2024, the total assets of COSL PROSPECTOR PTE. LTD. amounted to RMB7,597.0 million and equity was RMB-7,197.3 million. COSL PROSPECTOR PTE. LTD. realized revenue of RMB365.8 million in the first half of 2024, representing an increase of RMB70.3 million compared with the same period of last year. The net profit amounted to RMB-320.2 million, representing a decrease in loss of RMB10.9 million compared with the same period of 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 of 30 June 2024, the total assets of China France Bohai amounted to RMB1,320.4 million and equity was RMB774.5 million. In the first half of 2024, China France Bohai realized revenue of RMB861.0 million, representing an increase of RMB57.6 million compared with the same period of last year. The net profit amounted to RMB216.8 million, representing an increase of RMB14.7 million compared with the same period of 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 of 30 June 2024, the total assets of Hainan Company amounted to RMB4,280.2 million and equity was RMB2,295.7 million. Hainan Company realized revenue of RMB2,103.5 million in the first half of 2024, representing an increase of RMB632.5 million compared with the same period of last year. The net profit amounted to RMB167.2 million, representing an increase of RMB77.5 million compared with the same period of last year.

## **PROSPECTS**

According to the Global Economic Prospects report released by the World Bank in June 2024, it is expected that the global economy will achieve stable growth in 2024 for the first time in three years, but it is still weak compared with recent historical levels. It is anticipated that the growth of global economy will remain at 2.6% in 2024 and will rise slightly to 2.7% from 2025 to 2026. In the first half of 2024, international oil prices showed a wide-range of fluctuations at a relatively high level. In the second half of the year, “OPEC+” production reduction expectations and other factors may bring various uncertainties to supply and demand conditions and price trend of crude oil market.

In the second half of the year, the overall investment scale of global upstream exploration and development will maintain steady growth, and the market demand for oilfield services will continue to expand. In addition, the domestic market demand for oilfield services will continue to grow under the continuous promotion of the national “Seven-Year Action Plan” for strengthening reserves and production. With the improvement of the industry situation, as well as the use of new equipment, the application of new technologies and the promotion of integrated projects, the Company will get more service opportunities. The Company will comprehensively enhance its technological research and development capabilities to promote the breakthroughs in and achievement transformation of key core technology to a new level, make full use of the comprehensive advantages of R&D, manufacturing, production and service based on the equipment resource allocation and technological development and innovation, and keep pace with the development trend of the energy industry, so as to establish a new development pattern with vitality, potential and sustainability. By improving the traditional upstream technical service capabilities, expanding the existing business scope, and adding new products and businesses in a timely manner, the Company will have its industrial chain and technology chain be further improved and continuously optimized.

## **SUPPLEMENTARY INFORMATION**

### **AUDIT COMMITTEE**

The audit committee comprises of three independent non-executive directors of the Company. The audit committee has reviewed the accounting principles and practices adopted by the Company as well as the risk management, internal control and financial reporting matters. The Company’s unaudited interim results and interim report for the six months ended 30 June 2024 have been reviewed by the audit committee. The interim financial information has been reviewed by the Company’s auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Hong Kong Institute of Certified Public Accountants.

## **CORPORATE GOVERNANCE CODE**

During the six months ended 30 June 2024, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter “Listing Rules”), except for the following deviation: 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 of Part 2 of the Corporate Governance 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 committees of the Board 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 implement in a timely and effective manner.

## **FOREIGN CURRENCY RISK AND OTHER POTENTIAL RISKS**

The Company’s operation is affected by the exchange rate fluctuation of RMB against other foreign currencies. If the exchange rate fluctuation is significant, the Company’s net profit will be impacted to a certain extent. At the same time, if the exchange rate fluctuation is significant, it will also have an impact on cash receipts and payments including the foreign exchange receipts and payments, the US dollar debt repayment pressure and the cost of purchasing imported equipment of the Company. The management of the Company will continuously monitor such exposure. 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 various types of risks and uncertain factors in the actual production and operation process, such as market competition risk, health, safety and environmental risk, domestic and overseas business expansion and operational risks, assets impairment risk, accounts receivable recovery risk, etc. An overseas subsidiary of the Group is subject to tax obligation in its jurisdiction. There are some tax investigations in progress. Differences in 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. Based on the information available, the possible outcomes of the above differences in views cannot be estimated at this stage. The management of the Group is assessing the possible future impact of matters, and will continue to maintain communication with the tax authority.

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

Upon specific enquiry to all directors and supervisors by the Company, the directors and supervisors of the Company have confirmed that they have, for the six months ended 30 June 2024, complied with the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter “Model Code”) as set out in Appendix C3 of the Listing Rules. 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.

## **PURCHASE, SALE AND REDEMPTION OF OUR LISTED SECURITIES**

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

## **PROGRESS OF BUSINESS PLAN**

In the first half of 2024, the global demand for oil and gas resources gradually recovered, and the offshore oilfield service industry market continued to improve. The workload of the Company’s main segments was higher than that of the same period of last year. In the first half of the year, the Company realized the revenue of RMB22.50 billion and a net profit of RMB1.71 billion. In the first half of the year, the Company focused on reform to tap the potential, and steadily improved its operational efficiency and management level, leading scientific and technological innovation, cost control, safety management and overseas development to a new level, and presenting a new look in the new development stage. At present, the international oil price remains at a high level. It is expected that the global upstream investment of oil and gas exploration and development will continue to increase in the second half of the year, and the opportunities in the oilfield service market will increase. The Company will continue to enhance its equipment strength, continue to promote scientific and technological innovation, establish the integrated service capability of the full life-cycle of oilfields oriented by customer demand, continuously improve the utilization and management level of manpower, equipment, technology and funds, and promote the realization of resource value maximization.

## **CHARGES ON ASSETS**

As at 30 June 2024, the Company had no material charges against its assets.

The directors are of the opinion that there have been no material changes to the information published in the annual report for the year ended 31 December 2023, other than those disclosed in this interim results announcement.



## **DISCLOSURE OF INFORMATION ON THE HKSE'S WEBSITE**

The interim report containing all information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited (<https://www.hkex.com.hk>) and the website of the Company (<https://www.cosl.com.cn>) in due course.

By Order of the Board  
**China Oilfield Services Limited**  
**Sun Weizhou**  
*Joint Company Secretary*

27 August 2024

*As at the date of this announcement, the executive directors of the Company are Messrs. Zhao Shunqiang (Chairman), Lu Tao and Xiong Min; the non-executive directors of the Company are Messrs. Fan Baitao and Liu Qiudong; and the independent non-executive directors of the Company are Ms. Chiu Lai Kuen, Susanna, Messrs. Kwok Lam Kwong, Larry and Yao Xin.*