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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTIONS PURCHASE OF WEALTH MANAGEMENT PRODUCTS

On 7 November 2018, the Company entered into the IB Wealth Management Agreement with IB Beijing Branch. Pursuant to the IB Wealth Management Agreement, the Company has agreed to purchase wealth management product of RMB500 million using self-owned funds of the Company.

On 5 January 2018, the Company entered into the IB Historical Wealth Management Agreement with IB Beijing Branch and purchased wealth management product of RMB1,100 million using self-owned funds of the Company.

The IB Wealth Management Agreement and the IB Historical Wealth Management Agreement were entered into between the Company and IB Beijing Branch. Pursuant to Rule 14.23 of the Hong Kong Listing Rules, these transactions shall be aggregated.

Pursuant to the Hong Kong Listing Rules, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the aggregated transaction amounts of the Wealth Management Agreements exceeds 5% but all of which are below 25%, such transactions constitute discloseable transactions of the Company and shall be subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Hong Kong Listing Rules.

BACKGROUND

The Company is one of the leading integrated oilfield services providers in the world. Its services cover each phase of oil and gas exploration, development and production.

IB is a large commercial bank in the PRC. IB Beijing Branch is a branch of IB.

On 7 November 2018, the Company entered into the IB Wealth Management Agreement with IB Beijing Branch. Pursuant to the IB Wealth Management Agreement, the Company has agreed to purchase wealth management product of RMB500 million using self-owned funds of the Company.

On 5 January 2018, the Company entered into the IB Historical Wealth Management Agreement with IB Beijing Branch and purchased wealth management product of RMB1,100 million using self-owned funds of the Company.

THE IB WEALTH MANAGEMENT AGREEMENT

Parties:	the Company and IB Beijing Branch
	To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that IB and its ultimate beneficial owner are third parties independent of the Group and its connected persons
Date:	7 November 2018
Product name:	IB “Golden snowball – preferred” principal-guaranteed open type RMB wealth management product
Purchase amount:	RMB500 million (RMB500 million has been purchased)
Term of product:	120 days (7 November 2018 to 6 March 2019)
Type of investment return:	principal-guaranteed floating income
Risk level of product (internal risk assessment by the bank):	nil or minimal risk
Annualized rate on return of product expected by the Company:	4.1%
Right of early termination or redemption:	The company has no right to terminate this product in advance.

The terms of the IB Wealth Management Agreement were arrived at after arm’s length negotiation between the parties.

THE IB HISTORICAL WEALTH MANAGEMENT AGREEMENT

Parties:	the Company and IB Beijing Branch
	To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that IB and its ultimate beneficial owner are third parties independent of the Group and its connected persons
Date:	5 January 2018
Product name:	IB “Golden snowball – preferred” principal-guaranteed enclosed type RMB wealth management product C 1 st 2018
Purchase amount:	RMB1,100 million (RMB1,100 million has been purchased)
Term of product:	94 days (5 January 2018 to 9 April 2018)
Type of investment return:	principal-guaranteed floating income
Risk level of product (internal risk assessment by the bank):	nil or minimal risk
Annualized rate on return of product expected by the Company:	4.9%
Right of early termination or redemption:	The company has no right to terminate this product in advance.

The terms of the IB Historical Wealth Management Agreement were arrived at after arm’s length negotiation between the parties.

BACKGROUND OF AND REASONS FOR ENTERING INTO THE WEALTH MANAGEMENT AGREEMENTS AND THEIR BENEFITS TO THE COMPANY

The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Company, which is consistent with the core objectives of the Company to ensure capital safety and liquidity. The impact of risk factors on the expected rates of return of the Wealth Management Agreements is low, but the Company can get a higher return compared with fixed term deposits in commercial banks in the PRC.

The Directors (including independent non-executive directors) consider that the terms and the transaction contemplated under the Wealth Management Agreements are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

The IB Wealth Management Agreement and the IB Historical Wealth Management Agreement were entered into between the Company and IB Beijing Branch. Pursuant to Rule 14.23 of the Hong Kong Listing Rules, these transactions shall be aggregated.

Pursuant to the Hong Kong Listing Rules, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the aggregated transaction amounts of the Wealth Management Agreements exceeds 5% but all of which are below 25%, such transactions constitute discloseable transactions of the Company and shall be subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Hong Kong Listing Rules.

The Wealth Management Agreements and the transactions thereunder do not constitute connected transactions of the Company.

DEFINITIONS

“Board”	the board of Directors of the Company;
“Company”	China Oilfield Services Limited, a joint stock company incorporated in the People's Republic of China with limited liability, the A Shares of which are listed on the Shanghai Stock Exchange and the H Shares of which are listed on main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“IB”	Industrial Bank Co.,Ltd, a joint stock limited company incorporated in the PRC with limited liability. Industrial Bank Co.,Ltd is a licensed bank in the PRC;
“IB Wealth Management Agreement”	IB Wealth Management Product Sales Contract, Product Description Letters and Risk Warnings entered into between the Company and IB Beijing Branch on 7 November 2018;

“IB Historical Wealth Management Agreement”	IB Wealth Management Product Sales Contract, Product Description Letters and Risk Warnings entered into between the Company and IB Beijing Branch on 5 January 2018;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Wealth Management Agreements”	collectively, IB Wealth Management Agreement and IB Historical Wealth Management Agreement.

By Order of the Board
China Oilfield Services Limited
Jiang Ping
Company Secretary

7 November 2018

As at the date of this announcement, the executive directors of the Company are Messrs. Qi Meisheng (Chairman) and Cao Shujie; the non-executive directors of the Company are Messrs. Meng Jun and Zhang Wukui; and the independent non-executive directors of the Company are Messrs. Law Hong Ping, Lawrence, Fong Chung, Mark and Wong Kwai Huen, Albert.