

# COSL

中海油田服務股份有限公司  
China Oilfield Services Limited

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

2024

Interim Report 中期報告



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## Introduction

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

## Financial Highlights

	First half of 2022 RMB million (Restated)	First half of 2023 RMB million	First half of 2024 RMB million
Revenue	15,196	18,850	22,497
Profit from operations	1,268	1,971	2,692
Profit from operations (excluding impairment loss of property, plant and equipment and goodwill)	1,268	1,971	2,692
Profit for the period	1,111	1,456	1,710
Profit for the period (excluding impairment loss of property, plant and equipment and goodwill)	1,111	1,456	1,710
	RMB/share	RMB/share	RMB/share
Earnings per share	0.23	0.28	0.33

## Chairman's Statement

Dear Shareholders,

In the first half of 2024, the global economy continued to recover, and the global oil and gas industry maintained a stable and positive basic trend in profound changes. In the face of the complicated and fierce market competition environment, the Company insisted on deepening reform as the driving force, and continuously achieved new results in solidly promoting the five development strategies of “technology-driven, cost leadership, integration, internationalization and regional development”, showing a good development trend of diversified customers, high-end market, intangible technology, intelligent equipment, modern governance and systematic capabilities.

**Insisting on strengthening the function through reform and demonstrating the new value of professional contributions of oilfield services.** The Company constantly adjusted its functional orientation in the value chain of oil and gas resources development through demand thinking, efficiency thinking and value thinking, guided the adjustment of the focus of traditional industries and the optimization of their structures, and promoted industrial upgrading to achieve new results. The Company focused on reducing “occupying wellbore time” and built a multi-dimensional and multi-tier service quality evaluation system, and professional technical services achieving greater, faster, better and more economical results have become the Company’s new value label. The Company improved its low-cost service capabilities from multiple dimensions, set the transformation channel from the traditional mode to the emerging mode, redefined the embodiment form of its professional capabilities, and extended a new professional chain from a new value combination. The professional contribution of a new quality has become a fundamental element of the Company’s competitive advantage.

**Insisting on promoting innovation through reform and taking a new step of self-reliance and self-improvement through high-level science and technology.** The Company adhered to leading industrial innovation with scientific and technological innovation, established and improved the “two highs and one low” manufacturing system, and promoted the accelerated transformation of oilfield services from a complete range of perfect tangible products to intangible products covering the underlying interconnection of deep platform software for exploration and development with the full-scale production of “Xuanji”, “Haimai” and “Haihong” intelligent factories as a symbol, and key core technologies and equipment entered a new stage of industrialization development. The Company built a marketing model of “product + service” and “product + sales” with double support and mutual promotion, accelerating the promotion of the self-developed technical products to the market. The Company accelerated the establishment of innovative organizations, laid out the construction of basic disciplines in a forward-looking way, opened up the bottlenecks in the innovation chain and the industrial chain, and fully stimulated the innovation vitality and creative efficiency of all employees. The open and innovative technological ecology promoted the productivity to jump to the advanced quality.

**Insisting on seeking breakthroughs through reform and presenting a new trend of market expansion to constantly pursue innovation and development.** The Company accelerated the implementation of the internationalization and regional development strategy, and continued to develop “large-sum, long-term, high-value and integrated” projects with the “1+2+N” overseas market layout as the carrier, so as to increase market capacity, incite market increment and improve market quality, and effectively consolidate and expand the foundation of overseas high-quality development. The Company gave full play to the comparative advantages of full professional categories, extensive product categories and complete business chain, and enriched and expanded the connotation of the integrated mode, with the integrated business developing vigorously. The Company made great efforts to play the role of “localization promotion centers” of overseas institutions, comprehensively gathered local element resources, further consolidated the foundation of overseas business operation, and further improved the internationalization guarantee mechanism. The Company focused on strengthening the full life-cycle management of overseas projects. The Company’s international operation capability was significantly improved, and the development of overseas business showed a good trend of steady progress.

**Insisting on increasing vitality through reform and achieving a new improvement in governance system and governance capacity.** The Company continued to strengthen the standardized operation of corporate governance, promoted the implementation of the reform and deepening actions, and effectively improved the quality and efficiency of corporate governance. The Company built a coordinated and efficient strategic implementation system, improved the functional line, strengthened the support line and empowered the business line, and continuously improved the organizational operation efficiency. The Company built a comprehensive budget management system and a cost control system, strengthened lean management throughout the full life-cycle, coordinated and promoted debt optimization and supply chain optimization, continuously deepened the promotion of structural, systematic and long-term cost reduction, and achieved comprehensive improvement in the quality and efficiency of operation and management. The Company insisted on integrating ESG management into all fields of corporate governance, continuously improved the modernization of governance system and governance capacity, and continuously enhanced the vitality and momentum of the Company’s high-quality development.

In the second half of 2024, the Company will seize development opportunities to further deepen reforms comprehensively, accelerate the cultivation of new quality productivity of energy services, comprehensively build a world first-class core competitiveness, work together to make innovation and strive for progress, shape new driving forces and new advantages for high-quality development with the continuous improvement of scientific and technological innovation, industrial control, safety support, international influence and modern governance capacity, and create value returns for all shareholders and all sectors of society with the new achievement of accelerating the construction of a world first-class energy service company with Chinese characteristics!

**Zhao Shunqiang**

*Chairman and Chief Executive Officer*

27 August 2024

## President's Statement

Dear Shareholders,

In the first half of 2024, the global economy and oilfield service industry were complicated and changeable, and new trends, changes and challenges kept emerging. Faced with the multiple challenges of industry trend, COSL was always committed to new development concept, quickly adapted to market changes, continued to upgrade its industrial service capability, accelerated the implementation of the international operation strategy, constantly improved the corporate governance level and dynamically refined the risk management and control system, demonstrating strong flexibility and resilience in operation, and maintaining high-quality, sustainable and rapid growth in its business scale.

### **ADHERE TO INDUSTRY UPGRADE AND FORGE NEW QUALITY PRODUCTIVE FORCES**

In the first half of 2024, the Company quickly responded to the changes in domestic and overseas industry demand, and focused on the building of technology industrialization capability with enhancing its operation management capability as the starting point and targeting the main businesses of “value exploration” and “stabilizing and increasing production”. With forging new quality productive forces as the major task, the Company ensured the rapid entry of newly-purchased drilling rigs, and “Haihong” well completion system intelligent factory was put into production. The Company established rotary steering and LWD all-inclusive specification production lines in the “co-centers of Southern and Northern China”, which further increased the operation efficiency throughout the process of large-scale equipment and full chain of high-end technology business.

With the stability and practicability of technology system and the operation capacity of large-scale equipment as the important fields to be improved in the future, the Company will strive to improve the top-level design, optimize production factors, allocate innovation factors, spare no efforts to break the management bottleneck and market constraints, enhance the service guarantee level, and push its core competitiveness to a new level.

### **ADHERE TO INTERNATIONAL OPERATION AND ESTABLISH AN INTEGRATED AND WELL-COORDINATED OPERATION MECHANISM**

In the first half of 2024, faced with emerging new market trends, the Company was firmly committed to international development, continued to strengthen the international operation capability, and gave play to the integrated, well-coordinated and horizontal linkage, fully demonstrating its outstanding strategic operation capability in overseas market. The Company formed a dual-circulation development model of overseas “services+sales”, achieved breakthroughs in technology sectors clusters, and successively secured new orders for seismic exploration, wireline logging, directional while drilling, drilling fluids and well workovers services.

The Company will conduct comprehensive research and judgement from multiple dimensions including the growth of regional markets, risk controllability as well as coverage and competitiveness of equipment and technology, further optimize the layout of regional markets, strengthen the top-level design of international operation with firmer strategies and more resolute decision-making, and further promote the effective enhancement in quality and reasonable growth in quantity of overseas business.

## **ADHERE TO LEAN MANAGEMENT AND IMPROVE THE GOVERNANCE CAPABILITY AND GOVERNANCE LEVEL**

In the first half of 2024, secured by the efficient modern corporate governance system, the Company continued to facilitate lean management, constantly optimized resource allocation with digitization, established four specialized production line operation centers with efficient operation as the main content, and gradually formed closed-loop full life-cycle management for overseas projects, which effectively supported the improvement of project operation quality. The “4P (Per well, Per rig, Per project, Per business line)” management encouraged staff at primary level to devote more efforts on the capability building of benefit creation with assets, highlighted the status of “chain chief”, and consolidated the development of industrial chain control. The Company entered into strategic agreements with several partners, continuously strengthened the economy of scale and bargaining power, and achieved “dual improvement” in both project operation quality and corporate operation efficiency.

In order to improve corporate governance, COSL will further focus on the business essence, strengthen the capability in coordination and deployment of domestic and overseas markets, expansion and control of industrial chains as well as digital and intelligent resource allocation with horizontal penetration as the main content, extract the “value-added points” of technology, develop more comprehensive lean management capability through the iteration of business procedures and mechanisms, and give the fullest play to operation effectiveness in the dual variables including resource allocation and operation efficiency.

## **ADHERE TO THE COORDINATION BETWEEN SAFETY AND DEVELOPMENT AND ENHANCE THE RISK CONTROL LEVEL**

In the first half of 2024, the Company followed the people-centered principle, focused on the risk prevention of key areas, and promoted the upgrading of safety responsibility system, so as to provide reliable guarantee for sustainable development. The Company also strengthened the regular risk monitoring mechanism, made more efforts in the dynamic tracking, management and control of major and important risks, optimized the risk information reporting and sharing mechanism, effectively connected different functions chains, continued to enhance the risk awareness and response capability of all employees, and effectively played the “safeguarding” role of safety management in operation.

In terms of risk control, the Company will continuously propel the implementation of safe production responsibility, strengthen the system execution at primary level, improve the training system and strictly monitor its implementation starting from basic workforce and frontline posts, take solid steps to improve the safety management level, and spare no effort to strengthen the targeted and effective risk control.

## **OUTLOOK**

Going forward, the Company will continue to highlight value creation, enhance lean management, adhere to robust operation, make overall arrangements to promote the constant improvement in corporate governance capability and governance level, accelerate the development of new quality productive forces, comprehensively strengthen core competitiveness, and continue to forge ahead towards the new journey of building the Company into a world first-class energy service company with Chinese characteristics at faster pace.

**Lu Tao**

*President, Executive Director*

27 August 2024

# 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.



## Management Discussion and Analysis (continued)

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

Drilling Services	For the six months ended 30 June		Percentage change/Change
	2024	2023	
<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:

Average daily revenue (ten thousand US\$/day)	For the six months ended 30 June		Change	Percentage change
	2024	2023		
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>	8.2	0.4	4.9%

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)	32,531	27,191	19.6%
Standby vessels	5,809	5,735	1.3%
AHTS vessels	14,408	10,457	37.8%
Platform supply vessels	10,269	8,904	15.3%
Multi-purpose vessels	1,503	1,371	9.6%
Workover support barges	542	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)	11,174	12,931	(13.6%)
3D acquisition (km <sup>2</sup> )	16,370	5,654	189.5%
Ocean bottom cable (km <sup>2</sup> )	193	627	(69.2%)
Ocean bottom node (km <sup>2</sup> )	277	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:

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

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:

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

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.

## Management Discussion and Analysis (continued)

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:

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

### 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:

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

### 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 2024	31 December 2023	Percentage 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.

<b>Unit: RMB million</b>				
<b>Items</b>	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>Percentage change</b>	<b>Reasons</b>
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.
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:

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

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.

## Management Discussion and Analysis (continued)

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.

### 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.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the six months ended 30 June 2024, none of the directors and supervisors had any material interest, whether direct or indirect, in any contract that was significant to the Company's business and to which the Company, its holding companies or any of its subsidiaries or fellow subsidiaries was a party.

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

As of 30 June 2024, none of the directors, supervisors and senior management of the Company or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (hereinafter "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Model Code.

## INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or senior management of the Company, as of 30 June 2024, the following persons had interests or short positions in the H shares or underlying H shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and HKSE:

Name of shareholder	Nature of interests	Number of shares in interest (share)	Approximate
			percentage of the interests (H shares) in COSL (%)
Brown Brothers Harriman & Co.	Interest in controlled corporation	164,499,406(L)	9.08(L)
		164,499,406(P)	9.08(P)
BlackRock, Inc.	Interest in controlled corporation	149,420,074(L)	8.25(L)
		6,488,000(S)	0.36(S)
Pandanus Associates Inc.	Interest in controlled corporation	108,776,000(L)	6.01(L)
Citigroup Inc.	Interest in controlled corporation	103,964,962(L)	5.74(L)
		1,122,000(S)	0.06(S)
		101,959,413(P)	5.62(P)
FIDELITY FUNDS	Interest in controlled corporation	90,778,000(L)	5.01(L)

Notes:

- (a) "L" means long position
- (b) "S" means short position
- (c) "P" means lending pool

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

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

At no time during the six months ended 30 June 2024 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any directors, supervisors and senior management or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



## EMPLOYEE, REMUNERATION POLICY AND TRAINING PROGRAMME

As of 30 June 2024, the total number of in-service employees of the Company is 15,361. The Company adhered to the salary payment concept of “post value, ability level and performance contribution”, aimed to stimulate vitality, improve efficiency and enhance core competitiveness, optimized and improved the dynamic distribution mechanism of total wages, highlighted the distribution subject status of frontline employees at the grassroots level, continuously stimulated employees’ innovation and efficiency motivation, continued to improve the corporate vitality and efficiency, established a hierarchical and classified differentiated incentive and constraint mechanism, and strengthened the positive incentive intensity of key reform areas, key businesses and key groups. The Company continuously perfected and improved the employee welfare and insurance system and established a supplementary enterprise insurance system that is compatible with social insurance. The Company also provided a number of welfare including health check, paid vacation, helping and assisting those with difficulties or major diseases, etc., and made efforts to address the worries of employees, so as to provide reliable and multi-layered protection for employees.

With regard to the training programme and development, the Company insisted on building a cadre talent team needed by a world first-class energy service company with Chinese characteristics as the goal, focused on the improvement of political ability, management ability and professional ability, established a hierarchical and graded training system that is suitable for training cadres and employees in the new era and covers the headquarters and grassroots, clarified the training needs and contents at all levels, drew up a strategic cooperation agreement framework based on the advantageous resources of well-known universities and colleges in major regions, established a school-enterprise joint cultivation and empowerment center and organized its implementation, improved the comprehensive quality and duty performance ability of cadres and talents, and built the Company’s core competitiveness.

## CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Changes in Director

On 28 May 2024, the Company convened the 2023 annual general meeting. The meeting re-appointed Ms. Chiu Lai Kuen, Susanna as an independent non-executive director of the Company for a term of three years starting from the date when the resolution was passed at the annual general meeting. Ms. Chiu Lai Kuen, Susanna also continued to serve as the chairman of the audit committee and the member of the remuneration and assessment committee.

### Changes in Supervisors

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

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

### **Changes in Senior Management**

On 18 June 2024, the Board of the Company received the written resignation from Ms. Chong Xiaojie, the chief financial officer. Ms. Chong Xiaojie has resigned as the chief financial officer of the Company due to the adjustment of her work arrangement, with effect from 18 June 2024.

On 18 June 2024, the Company convened the Board meeting by way of circulating written resolutions, and appointed Mr. Qie Ji as the chief financial officer of the Company, with effect from 18 June 2024.

### **PLACING OF H SHARES**

On 15 January 2014, the Company completed the placing of an aggregate of 276,272,000 H shares, representing approximately 5.79% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 15.25% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares). After the placing, the total number of issued shares of the Company increased from 4,495,320,000 shares to 4,771,592,000 shares. The total number of issued H shares increased from 1,534,852,000 H shares to 1,811,124,000 H shares. For further details, please refer to the Company's announcements dated 7 January 2014 and 15 January 2014, respectively. The net proceeds from the placing amounted to approximately HK\$5,819,392,302.91 (after deduction of the commissions and estimated expenses) and was used for general corporate purposes. The proceeds from the placing would be used according to the agreed use in the placing agreement. Approximately US\$90,604.50 was not yet utilized as at 30 June 2024. The above balance of raised funds will continue to be used for general corporate purposes and in a timely manner.

### **GEARING RATIO**

As at 30 June 2024, the net current assets of the Company decreased to RMB4,276.2 million compared with RMB6,905.5 million as at 31 December 2023, while the current ratio decreased to 1.16 times, compared with 1.30 times as at 31 December 2023.

## Supplementary Information (continued)

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Interest-bearing bank borrowings	1,856,703	3,122,911
Trade and other payables	14,698,915	14,339,226
Notes payable	–	7,309
Salary and bonus payables	1,629,401	1,040,432
Loans from related parties	5,159,404	5,127,941
Long-term bonds	12,323,682	12,323,520
Lease liabilities	1,069,764	1,047,188
Employee benefit liabilities	25,569	15,440
Less: Cash and cash equivalents	(8,037,453)	(5,977,506)
Net debt	28,725,985	31,046,461
Equity attributable to owners of the Company	42,286,781	41,643,019
Non-controlling interests	733,947	613,087
Total equity	43,020,728	42,256,106
Equity and net debt	71,746,713	73,302,567
Gearing ratio	40%	42%

## 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.

## 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.

## 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 report.

## DISCLOSURE OF INFORMATION ON THE HKSE'S WEBSITE

The interim report containing all information required by the Listing Rules has been 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>).

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

27 August 2024

# Independent Review Report



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**To the board of directors of China Oilfield Services Limited**  
(Incorporated in the People's Republic of China with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 71, which comprises the interim condensed consolidated statement of financial position of China Oilfield Services Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
Certified Public Accountants

Hong Kong  
27 August 2024

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>REVENUE</b>	5	<b>22,528,544</b>	18,873,594
Sales surtaxes		(31,881)	(23,713)
Revenue, net of sales surtaxes		<b>22,496,663</b>	18,849,881
Other income		<b>214,175</b>	107,910
Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library		(2,837,411)	(2,432,081)
Depreciation of right-of-use assets		(198,331)	(194,421)
Employee compensation costs		(3,899,544)	(3,346,510)
Repair and maintenance costs		(258,507)	(175,630)
Consumption of supplies, materials, fuel, services and others		(4,846,262)	(4,428,516)
Subcontracting expenses		(5,999,178)	(4,766,821)
Lease expenses	6	(999,814)	(993,396)
Other operating expenses		(984,325)	(630,400)
Reversal/(recognition) of impairment losses under the expected credit loss model, net of reversal	15	4,556	(18,667)
Total operating expenses		<b>(20,018,816)</b>	(16,986,442)
<b>PROFIT FROM OPERATIONS</b>		<b>2,692,022</b>	1,971,349
Exchange (losses)/gains, net	6	(14,889)	168,580
Finance costs		(449,918)	(486,907)
Interest income		59,545	76,602
Investment income	6	1,160	10,248
Gains arising from financial assets at fair value through profit or loss	6	42,583	56,523
Share of profits of an associate and joint ventures, net of tax		95,800	73,945
Other gains and losses, net	6	(17,260)	(7,838)
<b>PROFIT BEFORE TAX</b>	6	<b>2,409,043</b>	1,862,502
Income tax expense	7	(699,395)	(406,413)
<b>PROFIT FOR THE PERIOD</b>		<b>1,709,648</b>	1,456,089
Attributable to:			
Owners of the Company		1,592,392	1,339,064
Non-controlling interests		117,256	117,025
		<b>1,709,648</b>	1,456,089
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic (RMB)	9	<b>33.37 cents</b>	28.06 cents

# 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>1,709,648</b>	<b>1,456,089</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	(8,306)	(51,121)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(7,738)</b>	<b>(76,112)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,701,910</b>	<b>1,379,977</b>
Attributable to:		
Owners of the Company	1,583,184	1,254,435
Non-controlling interests	118,726	125,542
	<b>1,701,910</b>	<b>1,379,977</b>

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	48,755,418	48,928,386
Right-of-use assets	11	1,328,759	1,301,420
Goodwill	12	–	–
Other intangible assets		169,903	155,710
Multiclient library	13	103,135	131,804
Investments in an associate and joint ventures		1,135,143	1,064,203
Contract costs	16	853,532	919,172
Financial assets at fair value through profit or loss	17	–	–
Other non-current assets	18	370,214	415,926
Deferred tax assets		11,688	59,111
<b>Total non-current assets</b>		<b>52,727,792</b>	<b>52,975,732</b>
<b>CURRENT ASSETS</b>			
Inventories		2,491,955	2,339,628
Prepayments, deposits and other receivables		405,960	202,770
Accounts receivable	14	18,406,755	14,125,168
Notes receivable		27,643	115,940
Receivables at fair value through other comprehensive income		40,525	351,950
Financial assets at fair value through profit or loss	17	506,421	4,501,296
Contract assets		85,028	53,700
Contract costs	16	34,897	30,550
Other current assets	18	397,860	333,864
Pledged deposits		61,320	11,291
Time deposits		541,335	2,226,439
Cash and cash equivalents		8,037,453	5,977,506
<b>Total current assets</b>		<b>31,037,152</b>	<b>30,270,102</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	14,952,096	14,339,226
Notes payable		–	7,309
Salary and bonus payables		1,629,401	1,040,432
Tax payable		567,017	454,377
Loans from related parties	20	2,501,140	2,478,945
Interest-bearing bank borrowings	21	1,705,293	2,965,515
Long-term bonds	22	3,640,932	140,744
Lease liabilities		328,899	304,968
Contract liabilities		747,451	1,207,351
Other current liabilities	18	688,684	425,762
<b>Total current liabilities</b>		<b>26,760,913</b>	<b>23,364,629</b>
<b>NET CURRENT ASSETS</b>		<b>4,276,239</b>	<b>6,905,473</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>57,004,031</b>	<b>59,881,205</b>



## Interim Condensed Consolidated Statement of Financial Position (continued)

30 June 2024

	<i>Notes</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		234,906	387,709
Loans from related parties	20	2,658,264	2,648,996
Interest-bearing bank borrowings	21	151,410	157,396
Long-term bonds	22	8,682,750	12,182,776
Lease liabilities		740,865	742,220
Contract liabilities		1,295,566	1,292,800
Deferred income	23	182,543	186,332
Employee benefit liabilities		25,569	15,440
Other non-current liabilities	18	11,430	11,430
<b>Total non-current liabilities</b>		<b>13,983,303</b>	17,625,099
<b>Net assets</b>		<b>43,020,728</b>	42,256,106
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital	24	4,771,592	4,771,592
Reserves		37,515,189	36,871,427
		<b>42,286,781</b>	41,643,019
Non-controlling interests		733,947	613,087
<b>Total equity</b>		<b>43,020,728</b>	42,256,106

**Zhao Shunqiang**  
*Director*

**Lu Tao**  
*Director*

**Xiong Min**  
*Director*

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Issued capital RMB'000	Capital reserve RMB'000	Statutory reserve funds RMB'000	Special reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (Audited)	4,771,592	12,361,819	2,508,656	5,076	(590,579)	21,584,421	1,002,034	41,643,019	613,087	42,256,106
Profit for the period	-	-	-	-	-	1,592,392	-	1,592,392	117,256	1,709,648
Other comprehensive income for the period, net of tax	-	-	-	-	(9,208)	-	-	(9,208)	1,470	(7,738)
Total comprehensive income for the period	-	-	-	-	(9,208)	1,592,392	-	1,583,184	118,726	1,701,910
Appropriation of safety fund	-	-	-	191,132	-	-	-	191,132	6,065	197,197
Utilisation of safety fund	-	-	-	(128,520)	-	-	-	(128,520)	(3,931)	(132,451)
Final 2023 dividend paid (Note 8)	-	-	-	-	-	-	(1,002,034)	(1,002,034)	-	(1,002,034)
At 30 June 2024 (Unaudited)	4,771,592	12,361,819	2,508,656	67,688	(599,787)	23,176,813	-	42,286,781	733,947	43,020,728
At 1 January 2023 (Audited)	4,771,592	12,366,274	2,508,656	3,335	(577,347)	19,495,316	763,455	39,331,281	566,803	39,898,084
Effect of adoption of amendments to HKAS12	-	-	-	-	-	77,884	-	77,884	(1)	77,883
At 1 January 2023 (Restated)	4,771,592	12,366,274	2,508,656	3,335	(577,347)	19,573,200	763,455	39,409,165	566,802	39,975,967
Profit for the period	-	-	-	-	-	1,339,064	-	1,339,064	117,025	1,456,089
Other comprehensive income for the period, net of tax	-	-	-	-	(84,629)	-	-	(84,629)	8,517	(76,112)
Total comprehensive income for the period	-	-	-	-	(84,629)	1,339,064	-	1,254,435	125,542	1,379,977
Appropriation of safety fund	-	-	-	192,437	-	-	-	192,437	-	192,437
Utilisation of safety fund	-	-	-	(179,927)	-	-	-	(179,927)	-	(179,927)
Final 2022 dividend paid (Note 8)	-	-	-	-	-	-	(763,455)	(763,455)	-	(763,455)
At 30 June 2023 (Unaudited)	4,771,592	12,366,274	2,508,656	15,845	(661,976)	20,912,264	-	39,912,655	692,344	40,604,999

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,714,195</b>	<b>1,153,487</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment and other long-term assets	(2,336,784)	(1,703,340)
Government grant received	327	–
Purchase of floating rate investments in corporate wealth management products, monetary funds and time deposits	(2,440,000)	(25)
Proceeds from disposal/maturity of floating rate investments in corporate wealth management products and monetary funds	8,167,334	3,643,714
Proceeds from disposal of property, plant and equipment	15,579	10,312
Interest received	58,489	46,094
Dividends received from an associate and joint ventures	25,294	37,228
Deposits paid for acquisition of property, plant and equipment	(100,556)	(8,299)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>3,389,683</b>	<b>2,025,684</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of bank loans	(1,270,702)	(9,100)
Repayment of lease liabilities	(196,700)	(229,167)
Dividends paid	(1,078,534)	(803,455)
Interest paid	(475,858)	(493,036)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,021,794)</b>	<b>(1,534,758)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,082,084</b>	<b>1,644,413</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>5,977,506</b>	<b>3,561,740</b>
Effect of foreign exchange rate changes, net	(22,137)	145,171
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		
Represented by cash and cash equivalents	<b>8,037,453</b>	<b>5,351,324</b>

# 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
COSL Prospector Pte. Ltd.	Singapore 27 February 2007	Singapore	US\$189,779,384	100%	100%	Provision of drilling services

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (continued)

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

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 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

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (continued)

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

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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (continued)

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") (Note)	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:* 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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 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.



## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 4. OPERATING SEGMENT INFORMATION (continued)

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	8,427	18,150	3,241	2,063	31,881
Revenue, before net of sales surtaxes	6,416,791	12,829,967	2,177,650	1,104,136	22,528,544
Intersegment sales	84,531	21,629	65,781	1,342	173,283
Segment revenue	6,501,322	12,851,596	2,243,431	1,105,478	22,701,827
Eliminations	(84,531)	(21,629)	(65,781)	(1,342)	(173,283)
Group revenue	6,416,791	12,829,967	2,177,650	1,104,136	22,528,544
Segment results	368,799	2,290,143	101,441	10,179	2,770,562
<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					42,583
Profit before tax					2,409,043
Income tax expense					(699,395)
<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					7,327,693
Total assets					83,764,944
Segment liabilities	6,386,468	9,467,388	1,501,360	1,358,223	18,713,439
Unallocated liabilities					22,030,777
Total liabilities					40,744,216

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 4. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2023 (Unaudited)

	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
<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	5,181	14,710	1,974	1,848	23,713
Revenue, before net of sales surtaxes	5,427,663	10,622,600	1,906,680	916,651	18,873,594
Intersegment sales	112,510	15,900	83,199	1,781	213,390
Segment revenue	5,540,173	10,638,500	1,989,879	918,432	19,086,984
Eliminations	(112,510)	(15,900)	(83,199)	(1,781)	(213,390)
Group revenue	5,427,663	10,622,600	1,906,680	916,651	18,873,594
Segment results	312,479	1,726,236	45,512	(46,771)	2,037,456
<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					56,523
Profit before tax					1,862,502
Income tax expense					(406,413)
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					9,830,098
Total assets					83,245,834
Segment liabilities	6,308,672	10,752,214	1,181,131	1,343,148	19,585,165
Unallocated liabilities					21,404,563
Total liabilities					40,989,728

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 4. OPERATING SEGMENT INFORMATION (continued)

#### 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)

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

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

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

#### 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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 5. REVENUE

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

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

Segments	Six months ended 30 June 2024 (Unaudited)				
	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
Timing of revenue recognition					
At a point of time	–	276,451	–	–	276,451
Over time	5,798,370	12,486,955	2,134,936	1,104,136	21,524,397
<b>Total</b>	<b>5,798,370</b>	<b>12,763,406</b>	<b>2,134,936</b>	<b>1,104,136</b>	<b>21,800,848</b>

Segments	Six months ended 30 June 2023 (Unaudited)				
	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Total RMB'000
Timing of revenue recognition					
At a point of time	–	792,250	–	–	792,250
Over time	4,956,159	9,796,205	1,906,680	916,651	17,575,695
<b>Total</b>	<b>4,956,159</b>	<b>10,588,455</b>	<b>1,906,680</b>	<b>916,651</b>	<b>18,367,945</b>

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 5. REVENUE (continued)

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

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.

Segments	Six months ended 30 June 2024 (Unaudited)				
	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Revenue from contracts with customers RMB'000
Segment revenue	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	5,798,370	12,763,406	2,134,936	1,104,136	21,800,848

Segments	Six months ended 30 June 2023 (Unaudited)				
	Drilling services RMB'000	Well services RMB'000	Marine support services RMB'000	Geophysical acquisition and surveying services RMB'000	Revenue from contracts with customers RMB'000
Segment revenue	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	4,956,159	10,588,455	1,906,680	916,651	18,367,945

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 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	17,285	19,180
Other gains and losses, net	17,260	7,838
Lease expenses in respect of land and buildings, berths and equipment ( <i>Note</i> )	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	14,889	(168,580)

*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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 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.



## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 7. INCOME TAX EXPENSE (continued)

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:

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

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 7. INCOME TAX EXPENSE (continued)

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:

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

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 7. INCOME TAX EXPENSE (continued)

#### Global Minimum Tax

The Company is within the scope of global minimum tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per jurisdiction.

The Company is still in the process of assessing the potential exposure to Pillar Two income taxes. Based on the current assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company and its subsidiaries operates are above 15%.

### 8. DIVIDENDS

During the current interim period, a dividend of RMB0.21 per ordinary share (tax inclusive) of the Company based on the total share capital of 4,771,592,000 shares as at 31 December 2023 (2023: a dividend of RMB0.16 per ordinary share (tax inclusive) of the Company based on the total share capital of 4,771,592,000 shares as at 31 December 2022) was declared and paid to the owners of the Company. The aggregate amount of the dividend declared and paid in the current interim period was RMB1,002,034,320 (2023: RMB763,454,720).

The board of directors has proposed that no interim dividend will be declared in respect of the current interim period.

### 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share calculation (profit for the period attributable to owners of the Company)	1,592,392	1,339,064

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic earnings per share calculation (share)	4,771,592,000	4,771,592,000

There were no differences between the basic and diluted earnings per share amounts for the six-month periods ended 30 June 2024 and 2023 as the Group had no dilutive potential ordinary shares in issue during those periods.

## Notes to Interim Condensed Consolidated Financial Information (continued)

*For the six months ended 30 June 2024*

### 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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 13. MULTICLIENT LIBRARY

	<b>Multiclient Library</b>
	<i>RMB'000</i>
Carrying amount at 31 December 2023 (Audited)	131,804
Development cost capitalised in the period	–
Amortisation provided during the period	(28,767)
Exchange realignment	98
At 30 June 2024 (Unaudited)	103,135
At 30 June 2024 (Unaudited)	
Cost	386,352
Accumulated amortisation	(283,217)
Carrying amount	103,135

The Group has entered into cooperation agreements with Spectrum Geo Inc (“Spectrum”) and TGS AS (“TGS”) to invest in certain multiclient library projects. These agreements are accounted for as joint operations where the parties have joint control over the projects and have rights to the assets and liabilities of the investment. Costs directly incurred in acquiring, processing and completing the multiclient library projects are capitalised to the multiclient library.

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

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment losses (reversal)/recognised on:		
Accounts receivable	(3,528)	17,141
Other receivables	(1,028)	1,526
<b>Total</b>	<b>(4,556)</b>	<b>18,667</b>

The basis of determining the inputs and assumptions and the estimation techniques used in the interim condensed consolidated financial information for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

### 16. CONTRACT COSTS

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mobilisation ( <i>Note</i> )	888,429	949,722
Current	34,897	30,550
Non-current	853,532	919,172
<b>Total</b>	<b>888,429</b>	<b>949,722</b>

*Note:* Certain direct and incremental costs incurred for initial mobilisation are costs of fulfilling a contract and are recoverable. These recoverable costs are capitalised and amortised ratably to profit or loss as services are rendered over the initial term of the related contracts.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current assets		
Investments in floating rate corporate wealth management products	506,421	4,501,296
Non-current assets		
Unlisted equity investment (Note)	-	-
<b>Total</b>	<b>506,421</b>	<b>4,501,296</b>

Note: The equity investment was an unlisted investment in Petrojack ASA. Petrojack ASA has ceased trading its' shares in March 2010, therefore, the Group has made full impairment provision of US\$20,587,000 for it in 2010.

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

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

Note: 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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 19. TRADE AND OTHER PAYABLES

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

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</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
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
<b>Total</b>	<b>14,227,034</b>	13,254,205



## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 20. 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	–
				<b>2,501,140</b>	2,478,945
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
				<b>2,658,264</b>	2,648,996
Unsecured loans from related parties				<b>5,159,404</b>	5,127,941

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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 21. INTEREST-BEARING BANK BORROWINGS

		Contractual interest rate	Year of maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
China Development Bank					
– unsecured	(a)	1.08%	2035	169,673	175,668
Bank of China (Hong Kong) Limited					
– secured	(b)	SOFR+0.55%	Revolving loan	–	1,256,107
The Export-Import Bank of China					
– unsecured	(c)	2.20%	2024	1,687,030	1,691,136
<b>Total</b>				<b>1,856,703</b>	<b>3,122,911</b>
Current				1,705,293	2,965,515
Non-current				151,410	157,396
<b>Total</b>				<b>1,856,703</b>	<b>3,122,911</b>

*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.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 22. LONG-TERM BONDS

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

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 23. DEFERRED INCOME

Deferred income consists of the contract value acquired in the process of the acquisition of CNA, government grants, and the difference between proceeds received from loans at a below-market rate granted by a wholly-owned subsidiary of a state-owned bank and the fair value of the loans at initial recognition based on the prevailing market interest rate (the “Others”). The deferred income acquired from contract value is amortised according to the related drilling contract periods and is credited to revenues of the Group. The deferred income received from government and the Others is recognised according to the depreciable periods of the related assets and the periods in which the related costs are incurred, respectively, and is credited to other income of the Group.

	<b>Government grants related to assets RMB'000</b>	<b>Government grants related to income RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2023 (Audited)	137,646	16,026	50,907	204,579
Additions	4,158	8,659	-	12,817
Credited to profit or loss	(16,988)	(7,475)	(6,601)	(31,064)
At 31 December 2023 and 1 January 2024 (Audited)	<b>124,816</b>	<b>17,210</b>	<b>44,306</b>	<b>186,332</b>
Additions	327	7,292	-	7,619
Credited to profit or loss	(4,050)	(4,243)	(3,115)	(11,408)
At 30 June 2024 (Unaudited)	<b>121,093</b>	<b>20,259</b>	<b>41,191</b>	<b>182,543</b>

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 24. ISSUED CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Registered, issued and fully paid:		
H shares of RMB1.00 each	1,811,124	1,811,124
A shares of RMB1.00 each	2,960,468	2,960,468
Total	4,771,592	4,771,592

### 25. COMMITMENTS

#### Capital commitments

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for	2,304,856	2,070,732

### 26. RELATED PARTY TRANSACTIONS

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

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

In addition to the transactions and balances detailed elsewhere in this interim condensed consolidated financial information, the following is a summary of significant transactions carried out between the Group and (i) CNOOC Limited Group; (ii) CNOOC and its subsidiaries, excluding the CNOOC Limited Group (the "CNOOC Group"); (iii) the Group's joint ventures and an associate; and (iv) associates invested by CNOOC.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### a. Included in revenue

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
i CNOOC Limited Group		
Provision of drilling services	3,801,501	3,881,450
Provision of well services	11,022,295	8,991,432
Provision of marine support services	1,917,511	1,628,022
Provision of geophysical acquisition and surveying services	444,398	764,142
Total	17,185,705	15,265,046
ii CNOOC Group		
Provision of drilling services	2,687	6,472
Provision of well services	21,325	95,102
Provision of marine support services	18,405	59,412
Provision of geophysical acquisition and surveying services	45,462	26,052
Total	87,879	187,038
iii Joint ventures and an associate		
Provision of drilling services	42,117	679
Provision of well services	9,753	1,247
Provision of marine support services	275	230
Provision of geophysical acquisition and surveying services	114	119
Total	52,259	2,275
iv Associates invested by CNOOC		
Provision of drilling services	–	917
Provision of well services	3,681	22,771
Provision of marine support services	–	1,710
Total	3,681	25,398

During the six months ended 30 June 2024, the revenue arising from operating leases from CNOOC Limited Group was RMB92,166,000 (six months ended 30 June 2023: RMB30,000,000), the revenue arising from operating leases from CNOOC Group was RMB7,407,000 (six months ended 30 June 2023: Nil).

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### b. Included in operating expenses

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
i CNOOC Limited Group		
Materials, utilities and other ancillary services	37,833	6,125
Transportation services	78	164
Management services	350	138
	38,261	6,427
Property services	18,065	17,056
Total	56,326	23,483
ii CNOOC Group		
Materials, utilities and other ancillary services	531,958	760,929
Transportation services	20,462	18,692
Leasing of equipment	102,915	102,696
Repair and maintenance services	3,231	8,219
Management services	33,754	26,426
Labour services	13,947	10,115
	706,267	927,077
Property services	64,017	56,189
Total	770,284	983,266
iii Joint ventures and an associate		
Materials, utilities and other ancillary services	263,120	187,155
Leasing of equipment	6,889	8,040
Total	270,009	195,195
iv Associates invested by CNOOC		
Materials, utilities and other ancillary services	151,515	22,082
Transportation services	4,620	6,059
Repair and maintenance services	2,475	4,291
Management services	333	884
Labour services	1,397	2,463
Total	160,340	35,779

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### c. Included in interest income

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CNOOC Finance Corporation Limited ("CNOOC Finance", a subsidiary of CNOOC)		
Interest income	13,570	7,588

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

##### d. Dividend income from joint ventures

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividend from joint ventures	24,868	37,380

##### e. Included in finance costs

During the six months ended 30 June 2024, the finance costs on the loan from related parties which has been disclosed in Note 20 were US\$21,133,000 (six months ended 30 June 2023: US\$8,275,000), which was equivalent to approximately RMB150,197,000 (six months ended 30 June 2023: RMB57,340,000).

During the six months ended 30 June 2024, the finance costs on the lease liabilities due to related parties were RMB5,236,000 (six months ended 30 June 2023: RMB576,000).



## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### f. Other income

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Compensation for equipment dropping into wells when rendering services		
CNOOC Limited Group	–	1,189
CNOOC Group	3	2
<b>Total</b>	<b>3</b>	<b>1,191</b>

##### g. Deposits included in cash and cash equivalents

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Deposits placed with CNOOC Finance	1,798,673	1,781,695

##### h. Right-of-use assets

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

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
CNOOC Group	112,501	–
CNOOC Limited Group	11,387	–
Joint ventures and associates	1,002	–
<b>Total</b>	<b>124,890</b>	<b>–</b>

Except for items in a(iii), b(iii) and d, the above transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### i. Commitments with related parties

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

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Contracted, but not provided for	1,162	5,144

The Group had no guarantees granted to related parties as of 30 June 2024 and 31 December 2023.

##### j. Outstanding balances with related parties

###### *Accounts receivable*

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Due from CNOOC Limited Group	14,593,198	9,840,639
Due from CNOOC Group	50,135	75,961
Due from joint ventures	10,358	17,644
Due from associates invested by CNOOC	2,060	74,797
Total	14,655,751	10,009,041

###### *Prepayments, deposits and other receivables*

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Due from CNOOC Limited Group	–	30
Due from CNOOC Group	48,219	67
Due from joint ventures and an associate	1,319	677
Total	49,538	774

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### j. Outstanding balances with related parties (continued)

###### Contract assets

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due from CNOOC Limited Group	–	169
Due from CNOOC Group	291	–
<b>Total</b>	<b>291</b>	<b>169</b>

###### Trade and other payables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due to CNOOC Limited Group	45,438	68,855
Due to CNOOC Group	681,821	547,202
Due to joint ventures and an associate	412,697	419,181
Due to associates invested by CNOOC	179,580	196,367
<b>Total</b>	<b>1,319,536</b>	<b>1,231,605</b>

###### Loans from related parties

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Unsecured loans due to CNOOC Group (Note 20)	5,159,404	5,127,941

###### Contract liabilities

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due to the CNOOC Limited Group	110,779	133,251
Due to the CNOOC Group	298,690	354,573
<b>Total</b>	<b>409,469</b>	<b>487,824</b>

**26. RELATED PARTY TRANSACTIONS (continued)****(A) Related party transactions and outstanding balances with related parties (continued)****j. Outstanding balances with related parties (continued)***Lease liabilities*

	<b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
Due to the CNOOC Limited Group	<b>10,658</b>	–
Due to the CNOOC Group	<b>241,703</b>	190,301
Due to joint ventures and associates	<b>1,014</b>	–
<b>Total</b>	<b>253,375</b>	190,301

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

The balances with related parties at 30 June 2024 included in accounts receivable, prepayments, deposits and other receivables, trade and other payables and contract liabilities of the Group are unsecured, interest-free, and have no fixed terms of repayment. The loans from related parties bears interest at 1M SOFR+0.5%, 1M SOFR+0.4% and 3M SOFR+0.5% per annum. Lease liabilities have fixed terms of repayment and are measured at the present value of lease payments that are unpaid using the incremental borrowing rate at the lease commencement date.

The Company entered into several agreements with the CNOOC Group and the CNOOC Limited Group which govern the employee benefit arrangements, the provision of materials, utilities and ancillary services, the provision of technical services, the leasing of properties and various other commercial arrangements.

The lease expenses relating to agreements with the CNOOC Group and the CNOOC Limited Group in respect of variable lease payments determined by utilisation days and day rates as well as short-term leases are disclosed in Note 26(A)b.

The Directors are of the opinion that the above transactions with related parties were conducted in the normal course of business.

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 26. RELATED PARTY TRANSACTIONS (continued)

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

##### k. Transactions with other SOEs in the PRC

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

In addition, the Group has certain of its cash, time deposits and certificates of deposit and outstanding interest-bearing bank borrowings with certain state-owned banks in the PRC as at 30 June 2024 and 31 December 2023, as summarised below:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and cash equivalents	3,062,457	1,452,508
Time deposits	1,454	3,030
Certificates of deposit	–	1,676,160
<b>Total</b>	<b>3,063,911</b>	<b>3,131,698</b>
Long-term bank loans	151,410	157,396
Current portion of long-term bank loans	1,705,293	2,965,515
<b>Total</b>	<b>1,856,703</b>	<b>3,122,911</b>

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance costs	37,403	94,665

#### (B) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	2,303	3,092
Post-employment benefits	–	687
<b>Total compensation paid to key management personnel</b>	<b>2,303</b>	<b>3,779</b>

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 27. FINANCIAL INSTRUMENTS

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June	31 December		
	2024	2023		
	RMB'000 (Unaudited)	RMB'000 (Audited)		
Receivables at FVTOCI – notes receivable	40,525	351,950	Level 2	Discounted cash flows at a discount rate that reflect the credit risk of the drawee of notes at the end of the reporting period
Financial assets at FVTPL – floating rate corporate wealth management products	506,421	4,501,296	Level 3	Discounted cash flows. Future cash flows estimated based on estimated return

Reconciliation of Level 3 fair value measurements is as follows:

	Financial assets at FVTPL RMB'000
At 31 December 2023 (Audited)	4,501,296
Purchase	2,000,000
Redemption	(6,000,000)
Change in fair value	5,125
At 30 June 2024 (Unaudited)	506,421

## Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

### 27. FINANCIAL INSTRUMENTS (continued)

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

The fair value of loans from related parties and interest-bearing bank borrowings at floating rates is approximately equal to their carrying amounts. And considering the short remaining maturity, the fair value of the current portion of interest-bearing bank borrowings at fixed interest rates is approximately equal to the carrying amounts.

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

	Carrying amounts		Fair value	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial liabilities				
Long-term bonds (Note 22)	12,323,682	12,323,520	11,926,610	11,838,740
Interest-bearing bank borrowings – non-current (Note 21)	151,410	157,396	150,822	155,982
Total	12,475,092	12,480,916	12,077,432	11,994,722

The fair value of long-term bonds issued by the Group and non-current interest-bearing bank borrowings, with fair value measurements categorised within Level 2, are determined by reference to the present value valuation technique under the income approach and by applying the prime rate as adjusted to reflect the credit risk of the issuers as key inputs.

## Notes to Interim Condensed Consolidated Financial Information (continued)

*For the six months ended 30 June 2024*

### **28. 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.

### **29. SUBSEQUENT EVENT**

The Group has no significant subsequent events needed to be disclosed in the interim condensed consolidated financial statements.

### **30. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 27 August 2024.



# Company Directory

## Headquarters

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People's Republic of China

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The Stock Exchange of Hong Kong  
Limited: 2883

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## Board of Directors

Zhao Shunqiang (Chairman)  
Lu Tao  
Xiong Min  
Chiu Lai Kuen, Susanna  
(Independent Non-Executive Director)  
Kwok Lam Kwong, Larry  
(Independent Non-Executive Director)  
Yao Xin  
(Independent Non-Executive Director)  
Fan Baitao  
Liu Qiudong

## Audit Committee

Chiu Lai Kuen, Susanna (Chairman)  
Kwok Lam Kwong, Larry  
Yao Xin

## Remuneration and Assessment Committee

Kwok Lam Kwong, Larry (Chairman)  
Chiu Lai Kuen, Susanna  
Yao Xin  
Liu Qiudong

## Nomination Committee

Yao Xin (Chairman)  
Zhao Shunqiang  
Kwok Lam Kwong, Larry

## Supervisory Committee

Zhao Feng (Chairman)  
Cheng Xincheng  
Wang Lingen

## Senior Management

Zhao Shunqiang  
Lu Tao  
Xu Yingbo  
Yang Dexing  
Shang Jie  
Sun Weizhou  
Qie Ji

## Joint Company Secretary

Sun Weizhou  
Ng Sau Mei

Note: For details of changes in directors, supervisors and senior management, please refer to the chapter headed "Supplementary Information" of this interim report.

# COSL

中海油田服務股份有限公司  
China Oilfield Services Limited

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

我們必須做得更好  
**ALWAYS DO BETTER**



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