# CHINA OILFIELD SERVICES LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

（Stock Code：2883）

## OVERSEAS REGULATORY ANNOUNCEMENT

## —FIRST QUARTERLY RESULTS

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data of First Quarterly Report for 2020 of the Company is prepared in accordance with PRC Accounting Standards for Business Enterprises and has not been audited.

This announcement is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

29 April 2020

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

Stock code:601808 Stock short name:中海油服

# China Oilfield Services Limited
# 2020 First Quarterly Report

# Content

# 1. Important Notice

**1.1** The board of directors (the "**Board**"), supervisory committee, and the directors, supervisors and senior management of China Oilfield Services Limited (the "**Company**" or "**Group**") assure for the truthfulness, accuracy and completeness of the contents of the report, confirm that there are no misrepresentations, serious misleading statements or material omissions in this report and accept joint and several liability.

**1.2** All directors of the Company attended the Board meeting for reviewing the report.

**1.3** Mr. Qi Meisheng, person in charge of the Company, Mr. Zheng Yonggang, person in charge of the accounting work, and Ms. Chong Xiaojie, person in charge of the accounting office (the accountant in charge), have declared that they assure for the truthfulness, accuracy and completeness of the financial statements in the report.

**1.4** The First Quarterly Report of the Company was unaudited.

# 2. Basic Information of the Company

### 2.1 Principal Financial Data

Unit: million Yuan Currency: RMB

| | As at 31 March 2020 | As at 31 December 2019 | The increase/decrease at the end of the reporting period compared with the end of last year (%) |
|---|---|---|---|
| Total assets | 76,188.0 | 76,101.8 | 0.1 |
| Equity attributable to shareholders of the Company | 37,935.1 | 36,734.2 | 3.3 |
| | From the beginning of the year to end of the reporting period | From the beginning of last year to end of the reporting period of last year | The increase/decrease in the reporting period compared with the same period of last year (%) |
| Net cash flow from operating activities | 1,180.5 | -5.3 | N/A |
| | From the beginning of the year to end of the reporting period | From the beginning of last year to end of the reporting period of last year | The increase/decrease in the reporting period compared with the same period of last year (%) |
| Revenue | 8,168.4 | 5,907.8 | 38.3 |
| Net profit attributable to shareholders of the Company | 1,139.5 | 31.0 | 3,575.8 |
| Net profit excluding non-recurring gain and loss attributable to shareholders of the Company | 1,064.1 | -47.1 | N/A |
| Weighted average net assets earnings ratio (%) | 3.1 | 0.1 | Increased 3 percentage points |
| Basic earnings per share (Yuan per share) | 0.24 | 0.01 | 2,300.0 |
| Diluted earnings per share (Yuan per share) | N/A | N/A | N/A |

**Non-recurring gain and loss**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

| Items | Amounts of the period |
|---|---|
| Gain/loss on disposal of non-current assets | -34,179 |
| Government grants credited to the income statement for the current period, except for those closely relevant to normal business of the Company, conformed to requirements of State policy, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards | 38,055,449 |
| Income from wealth management products credited to the income statement for the current period | 58,226,674 |
| Non-operating incomes and expenses other than the above items | -7,607,413 |
| Income tax effect | -13,296,080 |
| Total | 75,344,451 |

**2.2 Number of shareholders, particulars of shareholding of the top 10 shareholders and particulars of shareholding of the top 10 shareholders not subject to restrictions on sales as at the end of the reporting period**

Unit: Share

| Total number of shareholders: | | | | | | 67,994 |
|---|---|---|---|---|---|---|
| **Particulars of shareholding of the top 10 shareholders** | | | | | | |
| **Name of shareholder (Full name)** | **Total number of shares held as at the end of the reporting period** | **Shareholding percentage (%)** | **Number of shares held subject to restrictions on sales** | **Shares pledged or locked up** | | **Nature of shareholder** |
| | | | | **Condition** | **Number** | |
| China National Offshore Oil Corporation | 2,410,849,300 | 50.53 | 0 | Nil | 0 | State-owned legal person |
| Hong Kong Securities Clearing Company Nominees Limited | 1,808,842,428 | 37.91 | 0 | Nil | 0 | Others |
| China Securities Finance Corporation Limited | 140,604,876 | 2.95 | 0 | Nil | 0 | State-owned legal person |
| Hong Kong Securities Clearing Company Limited | 33,427,896 | 0.70 | 0 | Nil | 0 | Others |
| Central Huijin Asset Management Ltd. | 29,883,000 | 0.63 | 0 | Nil | 0 | State-owned legal person |
| Foresea Life Insurance Co., Ltd. – Dividend Insurance Products Huatai Portfolio | 10,000,000 | 0.21 | 0 | Nil | 0 | Others |
| National Social Security Fund 412 Composition | 6,074,698 | 0.13 | 0 | Nil | 0 | Others |
| Chuang Jin He Xin Fund- ICBC- Foreign Trade Trust - Foreign Trade Trust • Wen Fu FOF Single Fund Trust | 4,498,119 | 0.09 | 0 | Nil | 0 | Others |
| Agricultural Bank of China Limited – Huaxia CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund | 4,236,691 | 0.09 | 0 | Nil | 0 | Others |
| China Merchants Bank Co., Ltd.-Bosera CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund | 3,947,500 | 0.08 | 0 | Nil | 0 | Others |

| **Particulars of shareholding of the top 10 shareholders not subject to restrictions on sales** | | | |
|---|---|---|---|
| **Name of shareholder** | **Shares not subject to restrictions on sales** | **Type and number of shares** | |
| | | **Type** | **Number** |
| China National Offshore Oil Corporation | 2,410,849,300 | A Shares | 2,410,847,300 |
| | | H Shares | 2,000 |

| | | | |
|---|---|---|---|
| Hong Kong Securities Clearing Company Nominees Limited | 1,808,842,428 | H Shares | 1,808,842,428 |
| China Securities Finance Corporation Limited | 140,604,876 | A Shares | 140,604,876 |
| Hong Kong Securities Clearing Company Limited | 33,427,896 | A Shares | 33,427,896 |
| Central Huijin Asset Management Ltd. | 29,883,000 | A Shares | 29,883,000 |
| Foresea Life Insurance Co., Ltd. – Dividend Insurance Products Huatai Portfolio | 10,000,000 | A Shares | 10,000,000 |
| National Social Security Fund 412 Composition | 6,074,698 | A Shares | 6,074,698 |
| Chuang Jin He Xin Fund- ICBC- Foreign Trade Trust - Foreign Trade Trust • Wen Fu FOF Single Fund Trust | 4,498,119 | A Shares | 4,498,119 |
| Agricultural Bank of China Limited – Huaxia CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund | 4,236,691 | A Shares | 4,236,691 |
| China Merchants Bank Co., Ltd.-Bosera CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund | 3,947,500 | A Shares | 3,947,500 |
| Note of connected relationships or concerted actions of the above shareholders | 1. Shares held by Hong Kong Securities Clearing Company (HKSCC) Nominees Limited were the sum of H-shares of China Oilfield Services Limited (by agent) traded in the trading platform of HKSCC Nominees Limited and in the accounts of H-share shareholders (2,000 H shares held by China National Offshore Oil Corporation are not included).<br>2. Shares held by Hong Kong Securities Clearing Company Limited represent the aggregate shares it held as a nominee on behalf of the shareholders of the Company under Shanghai-Hong Kong Stock Connect.<br>3. Except that Hong Kong Securities Clearing Company Nominees Limited and Hong Kong Securities Clearing Company Limited are the subsidiaries of HKSE, to the knowledge of the Company, there were no connected relationships or concerted actions among the above top 10 shareholders and the top 10 shareholders were not subject to restrictions on sales, or between the above top 10 shareholders and top 10 shareholders were not subject to restrictions on sales.<br>4. In "Particulars of shareholding of the top 10 shareholders", the 2,410,849,300 shares, namely the "Total number of shares held as at the end of the reporting period" by China National Offshore Oil Corporation, include 2,410,847,300 A shares and 2,000 H shares. | | |
| Explanation of holders of preferred shares with resumed voting right and the number of shares held | Nil | | |

**2.3 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares not subject to restriction on sales as at the end of the reporting period**

□Applicable √Not Applicable

**2.4 Operating results review**

In the first quarter of 2020, under the dual impact of the global spread of the COVID-19 and the oil price war, international crude oil prices fell sharply, and downward pressure on the global economy increased. In the context of the severe situation and greater uncertainty faced by the oilfield service industry, affected by the spread of the COVID-19, the industry market environment has been greatly affected. Through making effort in market expansion, the Group rapidly deployed and carried out comprehensive quality and efficiency improvement, further improved the level of refined management, allocated equipment resources in various ways with flexibility, and benefited from the continuous advancement of the "Seven-Year Action Plan" in China, business lines such as drilling rigs, marine support services and well services of the Company all showed different level of increase. In the first quarter of 2020, the Group's operating revenue amounted to

RMB8,168.4 million, representing an increase of 38.3% as compared with the same period last year; total profit amounted to RMB1,320.6 million, representing an increase of RMB1,152.1 million as compared with the same period last year; net profit amounted to RMB1,141.7 million, representing an increase of RMB1,103.1 million as compared with the same period last year.

Operating data of the main segments ended 31 March 2020 is listed in the following table:

| **Drilling Services** | For the period ended 31 March 2020 | For the period ended 31 March 2019 | Change (%) |
|---|---|---|---|
| **Operating Days (Day)** | **3,889** | **3,312** | **17.4** |
| Jack-up Drilling Rigs | 2,980 | 2,521 | 18.2 |
| Semi-submersible Drilling Rigs | 909 | 791 | 14.9 |
| **Utilization Rate (Available Day)** | **84.2%** | **77.4%** | **Increased 6.8 percentage points** |
| Jack-up Drilling Rigs | 84.8% | 80.5% | Increased 4.3 percentage points |
| Semi-submersible Drilling Rigs | 82.3% | 68.8% | Increased 13.5 percentage points |
| **Utilization Rate (Calendar Day)** | **78.5%** | **74.7%** | **Increased 3.8 percentage points** |
| Jack-up Drilling Rigs | 80.9% | 77.8% | Increased 3.1 percentage points |
| Semi-submersible Drilling Rigs | 71.4% | 66.4% | Increased 5.0 percentage points |

| **Marine Support Services (Group Owned Vessels)** | For the period ended 31 March 2020 | For the period ended 31 March 2019 | Change (%) |
|---|---|---|---|
| **Operating Days (Day)** | **7,926** | **7,716** | **2.7** |
| Standby vessels | 3,430 | 3,351 | 2.4 |
| AHTS vessels | 2,510 | 2,469 | 1.7 |
| Platform supply vessels | 1,274 | 1,215 | 4.9 |
| Multi-purpose vessels | 348 | 323 | 7.7 |
| Workover support barges | 364 | 358 | 1.7 |
| **Vessel Utilization Rate (Available Day)** | **98.6%** | **97.4%** | **Increased 1.2 percentage points** |
| Standby vessels | 99.8% | 98.6% | Increased 1.2 percentage points |
| AHTS vessels | 99.0% | 96.5% | Increased 2.5 percentage points |
| Platform supply vessels | 100.0% | 97.8% | Increased 2.2 percentage points |
| Multi-purpose vessels | 99.9% | 89.7% | Increased 10.2 percentage points |
| Workover support barges | 100.0% | 99.4% | Increased 0.6 percentage point |

| **Vessel Utilization Rate (Calendar Day)** | **98.2%** | **95.3%** | **Increased 2.9 percentage points** |
|---|---|---|---|
| Standby vessels | 99.2% | 95.5% | Increased 3.7 percentage points |
| AHTS vessels | 98.5% | 94.6% | Increased 3.9 percentage points |
| Platform supply vessels | 100.0% | 96.4% | Increased 3.6 percentage points |
| Multi-purpose vessels | 95.5% | 89.7% | Increased 5.8 percentage points |
| Workover support barges | 100.0% | 99.4% | Increased 0.6 percentage point |

| **Geophysical Acquisition and Surveying Services** | For the period ended 31 March 2020 | For the period ended 31 March 2019 | Change (%) |
|---|---|---|---|
| 2D acquisition (km) | 7,427 | 8,086 | -8.1 |
| 3D acquisition ($km^2$ ) | 4,708 | 5,949 | -20.9 |
| of which: multi-client | 2,918 | 1,114 | 161.9 |
| Ocean bottom cable ($km^2$ ) | 482 | 322 | 49.7 |

For the period ended 31 March 2020, the operating days of drilling rigs of the Group amounted to 3,889 days, representing an increase of 577 days or 17.4% as compared with the same period last year, among which the operating days of jack-up drilling rigs amounted to 2,980 days, representing an increase of 18.2% as compared with the same period last year. The operating days of semi-submersible drilling rigs amounted to 909 days, representing an increase of 14.9% as compared with the same period last year, which was mainly due to the recovery of the entire market during the period. Meanwhile, the calendar day utilization rate of drilling rigs increased 3.8 percentage points to 78.5% as compared with the same period last year, among which the calendar day utilization rate of jack-up drilling rigs increased 3.1 percentage points to 80.9% as compared with the same period last year, and the calendar day utilization rate of sub-submersible drilling rigs increased 5.0 percentage points to 71.4% as compared with the same period last year.

Five module rigs in Gulf of Mexico operated 347 days, representing a decrease of 13 days as compared with the same period last year and the calendar day utilization rate decreased 2.9 percentage points.

As for the well services segment, capacities of research and development and productivity were enhanced continuously, which facilitated the expansion of domestic and foreign markets, resulting in an observable rise in the operation volume from certain business lines and a significant increase in total revenue.

For the period ended 31 March 2020, the Group's owned vessels for marine support services operated 7,926 days, representing an increase of 210 days over the same period last year and the calendar day utilization rate of vessels increased by 2.9 percentage points to 98.2% and reaching a new high over the recent years. The workload and utilization rate of each business line of the marine support services increased. In the meantime, operation of the Group's chartered vessels significantly increased during the period with 4,601 days of operation, representing an increase of 39.4% as compared with the same period last year.

As for geophysical acquisition and surveying services segment, the workload of ocean bottom cable with higher service unit price was 482 $km^2$, reaching a significant increase of 49.7% as compared with the same period last year. In addition, due to the spread of COVID-19 in China and overseas and adjustment of equipment layout of the Group, there was a gradual decrease in the workload of both 2D and 3D acquisition.

## 3. Significant Events

### 3.1 Disclosure as to and reasons for, material changes in major accounting items and financial indicators of the Company

√Applicable □Not Applicable

**1. Revenue**

For the three months ended 31 March 2020, revenue of the Group amounted to RMB8,168.4 million, representing an increase of RMB2,260.6 million or 38.3% as compared with RMB5,907.8 million for the same period (January-March) of last year. It was mainly attributed to the receipt of US$188 million settlement income paid by Equinor. In addition, due to the continuous increase in the exploration and development efforts in the domestic market, the volume of major operations had certain increase during the period.

**2. Research and development expenses**

For the three months ended 31 March 2020, research and development expenses of the Group amounted to RMB168.2 million, representing an increase of RMB50.4 million or 42.8% as compared with RMB117.8 million for the same period (January-March) of last year. It was mainly attributed to the Company has increased its investment in scientific research in the technology sector and strengthened its independent operation capabilities.

**3. Finance costs**

For the three months ended 31 March 2020, Finance costs of the Group amounted to RMB227.0 million, representing a decrease of RMB154.1 million or 40.4% as compared with RMB381.1 million for the same period (January-March) of last year. It was mainly attributed to the significant decrease in exchange losses during the year.

**4. Other income**

For the three months ended 31 March 2020, other income of the Group amounted to RMB39.9 million, representing an increase of RMB26.4 million or 195.6% as compared with RMB13.5 million for the same period (January-March) of last year. It was mainly attributed to the increase in other income related to the "Additional Deduction on Value-added Tax" policy.

**5. Gain on change in fair value**

For the three months ended 31 March 2020, gain on changes in fair value amounted to RMB7.8 million, representing an increase of RMB29.3 million as compared with RMB-21.5 million for the same period (January-March) of last year. It was mainly attributed to the increase in the gain on change in fair value resulted from the change in fair value.

**6. Impairment losses of assets**

For the three months ended 31 March 2020, the impairment losses of assets of the Group amounted to RMB846.9 million, representing an increase of RMB846.0 million as compared with RMB0.9 million for the same period (January to March) of last year. It was mainly attributed to the provision for impairment of a large equipment asset for the period.

**7. Non-operating income**

For the three months ended 31 March 2020, the non-operating income of the Group amounted to RMB33.4 million, representing an increase of RMB21.5 million or 180.7% as compared with RMB11.9 million for the same period (January to March) of last year. It was mainly attributed to the increase of insurance proceeds as compared with the same period last year.

**8. Non-operating expenses**

For the three months ended 31 March 2020, the non-operating expenses of the Group amounted to RMB41.0 million, representing an increase of RMB36.5 million or 811.1% as compared with RMB4.5 million for the same period (January to March) of last year. It was mainly attributed to the increase in compensation for equipment falling well during the period.

**9. Income tax expenses**

For the three months ended 31 March 2020, the income tax expenses of the Group amounted to RMB178.9 million, representing an increase of RMB49.0 million or 37.7% as compared with RMB129.9 million for the same period (January to March) of last year. It was mainly attributed to the increase in profit of the Company.

**10. Cash on hand and at bank**

As at 31 March 2020, the cash on hand and at bank of the Group amounted to RMB4,766.1 million, representing an increase of RMB1,300.3 million or 37.5% as compared with RMB3,465.8 million at the beginning of the year. It was mainly attributed to the increase in net cash flow from operating activities during the period.

**11. Contract assets**

As at 31 March 2020, the contract assets of the Group amounted to RMB156.6 million, representing a decrease of RMB106.0 million or 40.4% as compared with RMB262.6 million at the beginning of the year. It was mainly attributed to the decrease of contract assets due to customer's confirmation of bill.

**12. Other current assets**

As at 31 March 2020, the other current assets of the Group amounted to RMB1,762.1 million, representing a decrease of RMB769.8 million or 30.4% as compared with RMB2,531.9 million at the beginning of the year. It was mainly attributed to the maturity of wealth management products for recovery.

**13. Deferred tax assets**

As at 31 March 2020, the deferred tax assets of the Group amounted to RMB135.7 million, representing an increase of RMB43.2 million or 46.7% as compared with RMB92.5 million at the beginning of the year. It was mainly attributed to the increase in deductible difference during the period.

**14. Other non-current assets**

As at 31 March 2020, the other non-current assets of the Group amounted to RMB445.2 million, representing an increase of RMB106.7 million or 31.5% as compared with RMB338.5 million at the beginning of the year. It was mainly attributed to the increase in advance payment of fixed asset construction during the period.

**15. Taxes payable**

As at 31 March 2020, the taxes payable of the Group amounted to RMB618.3 million, representing a decrease of RMB316.3 million or 33.8% as compared with RMB934.6 million at the beginning of the year. It was mainly attributed to the decrease of VAT payable during the period.

**16. Other current liabilities**

As at 31 March 2020, the other current liabilities of the Group amounted to RMB520.7 million, representing an increase of RMB269.5 million or 107.3% as compared with RMB251.2 million at the beginning of the year. It was mainly attributed to the increase in output value-added tax to be recognized.

**17. Other comprehensive income**

As at 31 March 2020, the other comprehensive income of the Group amounted to RMB-47.2 million, representing an increase of RMB61.5 million as compared with RMB-108.7 million at the beginning of the year. It was mainly attributed to fluctuation in foreign exchange rates.

**18. Net cash flows from operating activities**

For the three months ended 31 March 2020, the Group's net cash inflows from operating activities amounted to RMB1,180.5 million, representing an increase of RMB1,185.8 million as compared with the same period last year. This was mainly attributable to the facts that: (1) cash received from labour services and service provision increased by RMB2,661.0 million in the period as compared with the same period last year; (2) cash paid for purchasing goods and receiving labor services increased by RMB1,137.3 million as compared with the same period last year; and (3) besides, the net cash outflow related to operating activities increased by RMB337.9 million as compared with the same period last year.

**19. Net cash flows from investing activities**

For the three months ended 31 March 2020, the Group's net cash inflows from investing activities amounted to RMB1,001.2 million, representing an increase of RMB845.1 million as compared with the same period last year. This was mainly due to the facts that: (1) cash received from return on investments during the period increased by RMB198.6 million; (2) cash paid for investment decreased by RMB300.0 million and other net cash outflows related to investment activities decreased by RMB346.5 million as compared with the same period last year.

**20. Net cash flows from financing activities**

For the three months ended 31 March 2020, the Group's net cash outflows from financing activities amounted to RMB822.2 million, representing an increase of RMB1,143.0 million for the same period last year. The main reasons were that: (1) cash received from borrowings during the period decreased by RMB1,019.1 million as compared with the same period last year; (2) the cash paid for debts and cash paid for interests during the period increased by RMB123.9 million as compared with the same period last year.

**21.** The effect of foreign exchange rate fluctuation on cash and cash equivalents during the period was an increase in cash of RMB14.8 million.

**3.2 Significant events and analysis on their effects and solutions**

√Applicable □Not Applicable

In December 2016, COSL Offshore Management AS ("COM", a subsidiary of the Company) as a plaintiff filed a Statement of Claim against Statoil Petroleum AS (hereinafter "Statoil") with Oslo District Court of

Norway (the “Court”) through WIKBORG, REIN & CO. ADVOKATFIRMA DA, an international law firm based in Norway, as litigation agent. COM has claimed that Statoil’s termination of the contract in respect of the drilling rig of COSLInnovator was unlawful and has claimed the contract to be maintained. If the contract cannot be maintained, COM has claimed that Statoil is obliged to cover COM’s loss resulting from the unlawful termination, and the exact amount of damages will be subject to subsequent proceedings.

Oslo District Court entered into a judgement on 15 May 2018. The judgement may be appealed by either party within one month following the date of legal notice of the judgement was served. Statoil has changed its corporate name to Equinor Energy AS (hereinafter “Equinor”). On 14 June 2018, Equinor appealed to Borgarting Court of Appeal being the relevant appeal court in Norway. On 14 June 2018, COM has subsequently filed an independent appeal concerning the cancellation for convenience, since COM is of the view that the cancellation for convenience is unlawful and COM should accordingly be entitled to damages for the loss suffered.

In January 2017, COM, a subsidiary of the Company as a plaintiff filed a Statement of Claim (the “Claim”) against Statoil with the Court through WIKBORG REIN ADVOKATFIRMA AS, an international law firm based in Norway, as litigation agent. COM is of the view that Statoil shall pay the Claim for cost reimbursement and rate reductions happened in the period of year 2016 in an amount up to the equivalence of US$15,238,596 incurred as a consequence of the drilling rig of COSLPromoter’s compliance with requirements of Statoil.

In January 2020, COM and Equinor have signed a settlement agreement regarding the above matters. Equinor agreed to pay COM an amount of US$188 million. Furthermore, COM and Equinor have agreed, as a means of strengthening their cooperation, to enter into a master frame agreement. COM and Equinor had submitted a joint pleading to the Court to request the cases to be lifted with each party covering its own legal costs.

For details, please refer to relevant announcements released by the Company on the websites of the Shanghai Stock Exchange (http://www.sse.com.cn), which were named “Announcement of Status of two drilling contracts (Lin 2016-002) ” on 7 March 2016, “Announcement of further status of two drilling contracts (Lin 2016-003)” on 21 March 2016, “Announcement of a civil action filed by the company (Lin 2016-043)” on 15 December 2016, “Announcement of a civil action filed by the company (Lin 2017-003)” on 21 January 2017, “Announcement of further development of a civil action filed by the company (Lin 2018-021)” on 16 May 2018, “Announcement of further development of a civil action filed by the company (Lin 2018-028)” on 16 June 2018 and “Announcement of Settlement of Civil Actions (Lin 2020-001) ” on 9 January 2020.

As at the date of this report, Equinor has paid a settlement sum of US$188 million to COM. Strictly according to relevant rules of the accounting standards, the Company performed impairment testing on fixed asset. For details, please refer to relevant announcement on the Shanghai Stock Exchange, which was named “Announcement of Provisions for Asset Impairment (Lin 2020-016) ” on 30 April 2020.

**3.3 Non-performance of undertakings during the reporting period**

□Applicable √Not Applicable

**3.4 Profit warning on anticipation of possible loss against accumulated net profit from the beginning of the financial year to the end of the next reporting period or significant changes in profit as compared with**

**that of the corresponding period of last year and the reasons therefore**

√Applicable □Not Applicable

Since year 2020, international crude oil prices have fallen significantly. To cope with the impact of low oil prices and the COVID-19, major oil companies in the world have announced to cut down their capital expenditures. The downward pressure on the economy and the severe situation of the industry will lead to a significant change in demand for the oilfield service market. Through making effort in market expansion and benefiting from relatively stable demand for exploration and development in China, main business segments of the Company achieved certain increases in workload year-on-year. At the same time, the Company and Equinor reached a settlement of civil action. The Company realized a revenue of RMB8.17 billion and a net profit of RMB1.14 billion in the first quarter, and the operating results showed a substantial increase over the same period in 2019. At present, China's offshore market is relatively stable, but there are still great uncertainties in the development, control and prevention of novel coronavirus overseas and the trend of oil prices, which increases the possibility of delay, cancellation of tenders and early termination of contracts for some overseas business projects. Facing common challenges of the industry, the Company will continue to carry out comprehensive quality and efficiency improvement, further elevate the level of refined management, and allocate equipment resources in various ways with flexibility. According to the Company's workload as at the date of this announcement, it is expected that the Company's workload will be guaranteed in the second quarter, and the Company will strive to achieve a relatively better operating performance in the industry compared with its peer in the industry.

| | |
|---|---|
| Company Name | China Oilfield Services Limited |
| Legal Representative | Qi Meisheng |
| Date | 29 April 2020 |

# 4. Appendix

## 4.1 Financial Statements

**Consolidated Balance Sheet**

31 March 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

| Items | 31 March 2020 | 31 December 2019 |
|---|---|---|
| **Current assets:** | | |
| Cash on hand and at bank | 4,766,069,746 | 3,465,791,173 |
| Financial assets held for trading | 3,319,555,327 | 4,511,248,067 |
| Notes receivables | 40,088,192 | 44,244,578 |
| Accounts receivables | 10,982,682,473 | 10,305,533,467 |
| Financing receivables | 44,200,000 | 40,580,000 |
| Prepayments | 101,959,935 | 132,787,929 |
| Other receivables | 229,639,352 | 265,183,486 |
| Inventories | 1,755,810,525 | 1,424,673,901 |
| Contract assets | 156,591,917 | 262,594,465 |
| Non-current assets due within one year | 39,131,096 | 45,086,312 |
| Other current assets | 1,762,080,563 | 2,531,931,751 |
| Total current assets | 23,197,809,126 | 23,029,655,129 |
| **Non-current assets:** | | |
| Debt investment | 1,000,000,000 | 0 |
| Long-term equity investment | 960,616,323 | 880,583,152 |
| Other non-current financial assets | 0 | 0 |
| Fixed assets | 45,742,494,950 | 46,852,986,210 |
| Construction in progress | 1,858,684,657 | 1,913,743,081 |
| Right-of-use assets | 905,543,023 | 987,133,655 |
| Intangible assets | 396,433,486 | 406,142,627 |
| Development expenditure | 156,235,730 | 150,336,420 |
| Goodwill | 0 | 0 |
| Long-term deferred expenses | 1,389,321,040 | 1,450,301,983 |
| Deferred income tax assets | 135,650,557 | 92,468,008 |
| Other non-current assets | 445,189,926 | 338,487,906 |
| Total non-current assets | 52,990,169,692 | 53,072,183,042 |
| Total assets | 76,187,978,818 | 76,101,838,171 |
| **Current liabilities:** | | |
| Short-term borrowings | 2,481,128,319 | 2,443,946,195 |
| Notes payable | 4,154,024 | 3,466,634 |
| Accounts payable | 8,736,161,774 | 9,690,152,749 |
| Contract liabilities | 251,993,042 | 255,305,683 |
| Employee benefits payable | 1,172,040,061 | 979,228,368 |
| Taxes payable | 618,264,315 | 934,648,993 |

| | | |
|---|---|---|
| Other payables | 239,454,556 | 254,003,703 |
| Non-current liabilities due within one year | 4,615,974,849 | 5,016,855,358 |
| Other current liabilities | 520,693,708 | 251,212,893 |
| Total current liabilities | 18,639,864,648 | 19,828,820,576 |
| **Non-current liabilities:** | | |
| Long-term borrowings | 193,842,619 | 201,049,392 |
| Bonds payable | 18,094,121,596 | 17,928,478,300 |
| Lease liabilities | 550,691,527 | 547,571,865 |
| Long-term payables | 22,467,447 | 28,686,581 |
| Deferred income | 355,126,819 | 401,554,262 |
| Deferred income tax liabilities | 66,859,935 | 62,654,805 |
| Other non-current liabilities | 148,784,494 | 192,745,166 |
| Total non-current liabilities | 19,431,894,437 | 19,362,740,371 |
| Total liabilities | 38,071,759,085 | 39,191,560,947 |
| **Shareholders' equity:** | | |
| Share capital | 4,771,592,000 | 4,771,592,000 |
| Capital reserve | 12,366,274,941 | 12,366,274,941 |
| Other comprehensive income | -47,227,350 | -108,680,691 |
| Statutory reserve funds | 2,508,655,961 | 2,508,655,960 |
| Retained earings | 18,335,816,314 | 17,196,349,188 |
| Total equity attributable to shareholders' of the Company | 37,935,111,866 | 36,734,191,398 |
| Non-controlling equity | 181,107,867 | 176,085,826 |
| Total shareholders' equity | 38,116,219,733 | 36,910,277,224 |
| Total liabilities and shareholders' equity | 76,187,978,818 | 76,101,838,171 |

| Legal representative: | Person in charge of the accounting work: | Person in charge of the accounting office: |
|---|---|---|
| Qi Meisheng | Zheng Yonggang | Chong Xiaojie |

**Company Balance Sheet**

31 March 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

| Items | 31 March 2020 | 31 December 2019 |
|---|---|---|
| **Current assets:** | | |
| Cash on hand and at bank | 3,603,630,248 | 1,946,735,672 |
| Financial assets held for trading | 3,319,555,327 | 4,511,248,067 |
| Notes receivables | 40,088,192 | 44,244,578 |
| Accounts receivables | 10,406,032,098 | 10,067,948,917 |
| Financing receivables | 42,800,000 | 39,180,000 |
| Prepayments | 3,167,272 | 24,771,474 |
| Other receivables | 733,225,513 | 906,010,896 |

| | | |
|---|---|---|
| Inventories | 844,905,537 | 628,087,989 |
| Contract assets | 0 | 140,430,271 |
| Non-current assets due within one year | 520,548 | 0 |
| Other current assets | 1,758,010,251 | 2,518,579,297 |
| Total current assets | 20,751,934,986 | 20,827,237,161 |
| **Non-current assets:** | | |
| Debt investment | 1,000,000,000 | 0 |
| Long-term receivables | 6,062,333,347 | 6,893,547,084 |
| Long-term equity investment | 8,804,090,779 | 8,724,057,608 |
| Fixed assets | 23,358,507,538 | 23,634,707,228 |
| Construction in progress | 1,583,200,376 | 1,747,979,612 |
| Right-of-use assets | 580,598,703 | 715,834,061 |
| Intangible assets | 146,844,809 | 148,930,655 |
| Long-term deferred expenses | 918,482,868 | 991,033,983 |
| Deferred income tax assets | 63,596,201 | 30,508,772 |
| Other non-current assets | 250,421,554 | 170,444,455 |
| Total non-current assets | 42,768,076,175 | 43,057,043,458 |
| Total assets | 63,520,011,161 | 63,884,280,619 |
| **Current liabilities:** | | |
| Notes payable | 4,154,024 | 3,466,634 |
| Accounts payable | 7,686,709,180 | 8,790,985,432 |
| Contract liabilities | 200,320,541 | 203,958,291 |
| Employee benefits payable | 1,055,198,699 | 832,073,465 |
| Taxes payable | 437,086,412 | 772,549,672 |
| Other payables | 669,798,892 | 651,095,581 |
| Non-current liabilities due within one year | 971,245,525 | 1,356,075,050 |
| Other current liabilities | 520,255,592 | 250,974,173 |
| Total current liabilities | 11,544,768,865 | 12,861,178,298 |
| **Non-current liabilities:** | | |
| Long-term borrowings | 193,842,619 | 201,049,392 |
| Bonds payable | 7,497,769,500 | 7,497,769,500 |
| Lease liabilities | 255,162,026 | 286,639,268 |
| Deferred income | 313,738,311 | 314,961,968 |
| Total non-current liabilities | 8,260,512,456 | 8,300,420,128 |
| Total liabilities | 19,805,281,321 | 21,161,598,426 |
| **Shareholders' equity:** | | |
| Share capital | 4,771,592,000 | 4,771,592,000 |
| Capital reserve | 12,371,646,371 | 12,371,646,371 |
| Other comprehensive income | 171,048,201 | 143,341,825 |
| Statutory reserve funds | 2,508,655,961 | 2,508,655,960 |
| Retained earings | 23,891,787,307 | 22,927,446,037 |
| Total equity attributable to shareholders' of the Company | 43,714,729,840 | 42,722,682,193 |

| | | |
|---|---|---|
| Total liabilities and shareholders' equity | 63,520,011,161 | 63,884,280,619 |

| Legal representative: | Person in charge of the accounting work: | Person in charge of the accounting office: |
|---|---|---|
| Qi Meisheng | Zheng Yonggang | Chong Xiaojie |

**Consolidated Income Statement**

January to March, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

| Items | First quarter of 2020 | First quarter of 2019 |
|---|---|---|
| I. Gross Revenue | 8,168,409,707 | 5,907,777,887 |
| Including: revenue | 8,168,409,707 | 5,907,777,887 |
| II. Total operating costs | 6,176,570,998 | 5,878,178,296 |
| Including: Operating costs | 5,601,746,358 | 5,233,596,731 |
| Taxes and surcharges | 3,125,563 | 4,427,339 |
| Selling expenses | 6,664,474 | 6,823,195 |
| Administrative expenses | 169,833,750 | 134,484,312 |
| Research and development expenses | 168,193,416 | 117,792,076 |
| Financial costs | 227,007,437 | 381,054,643 |
| Including: Interest expenses | 224,634,473 | 285,254,477 |
| Interest income | 16,456,419 | 16,628,692 |
| Add: Other income | 39,910,647 | 13,546,495 |
| Investment income ("-" for loss) | 135,497,849 | 140,616,619 |
| Including: income from investment in joint ventures | 85,108,213 | 49,670,443 |
| Gains on changes in fair value ("-" for loss) | 7,837,038 | -21,500,741 |
| Impairment losses of assets ( "-" for loss) | -846,913,560 | -880,929 |
| Gains on disposal of assets ("-" for loss) | 0 | -217,462 |
| III. Operating profit ("-" for loss) | 1,328,170,683 | 161,163,573 |
| Add: Non-operating income | 33,407,722 | 11,863,902 |
| Less: Non-operating expenses | 41,000,657 | 4,525,584 |
| IV. Total profit ("-" for total loss) | 1,320,577,748 | 168,501,891 |
| Less: Income tax expenses | 178,897,149 | 129,883,650 |
| V. Net profit ("-" for net loss) | 1,141,680,599 | 38,618,241 |
| (I) Classified by continuity of operations | | |
| 1. Net profit from continuing operations ("-" for loss) | 1,141,680,599 | 38,618,241 |
| 2. Net profit from discontinued operations ("-"for loss) | 0 | 0 |
| (II) Classified by ownership of equity | | |
| 1. Attributable to shareholders of the Company ("-"for net loss) | 1,139,467,126 | 30,952,844 |
| 2. Non-controlling interests ("-"for net loss) | 2,213,473 | 7,665,397 |

| | | |
|---|---|---|
| VI. Other comprehensive income, net of tax | 64,261,909 | -50,802,695 |
| (I) Other comprehensive income, net of tax attributable to the shareholders of the Company | 61,453,341 | -48,012,310 |
| 1. Other comprehensive income to be reclassified into profit and loss | 61,453,341 | -48,012,310 |
| (1) Other comprehensive income which will be reclassified into profit and loss accounted for using equity method | -207,381 | -2,429,901 |
| (2) Exchange differences on translation of financial statements of foreign operations | 61,660,722 | -45,582,409 |
| (II) Other comprehensive income, net of income tax attributable to non-controlling interests | 2,808,568 | -2,790,385 |
| VII. Total comprehensive income | 1,205,942,508 | -12,184,454 |
| (I)Total comprehensive income attributable to shareholders of the Company | 1,200,920,467 | -17,059,466 |
| (II)Total comprehensive income attributable to non-controlling interests | 5,022,041 | 4,875,012 |
| VIII. Earnings per share: | | |
| (1) Basic earnings per share (Yuan per share) | 0.2388 | 0.0065 |

| Legal representative: | Person in charge of the accounting work: | Person in charge of the accounting office: |
|---|---|---|
| Qi Meisheng | Zheng Yonggang | Chong Xiaojie |

**Company Income Statement**

January to March, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

| Items | First quarter of 2020 | First quarter of 2019 |
|---|---|---|
| I. Revenue | 5,500,741,096 | 4,549,404,036 |
| Less: Operating costs | 4,300,623,788 | 3,775,496,784 |
| Taxes and surcharges | 1,762,221 | 2,251,832 |
| Administrative expenses | 104,588,356 | 77,303,339 |
| Research and development expenses | 167,337,884 | 116,358,043 |
| Financial costs | -44,681,960 | 215,576,552 |
| Including: Interest expenses | 85,468,652 | 134,023,574 |
| Interest income | 14,273,884 | 8,803,868 |
| Add: Other income | 39,885,982 | 13,546,495 |
| Investment income ( “-” for loss) | 135,497,849 | 140,616,619 |
| Including: income from investment in joint ventures | 85,108,213 | 49,670,443 |
| Gains on change in fair value (“-” for loss) | 7,837,038 | -21,500,741 |
| Impairment losses of assets ( “-” for loss) | 0 | -2,636,542 |
| Gains on disposal of assets (“-” for loss) | 0 | -217,220 |
| II. Operating profit (“-” for loss) | 1,154,331,676 | 492,226,097 |
| Add: Non-operating income | 33,219,149 | 11,785,739 |

| | | |
|---|---|---|
| Less: Non-operating expenses | 40,747,985 | 4,521,701 |
| III. Total profit (“-” for total loss) | 1,146,802,840 | 499,490,135 |
| Less: Income tax expenses | 182,461,570 | 61,776,908 |
| IV. Net profit (“-” for net loss) | 964,341,270 | 437,713,227 |
| (I) Net profit from continuing operations (“-” for loss) | 964,341,270 | 437,713,227 |
| (II) Net profit from discontinued operations (“-”for loss) | 0 | 0 |
| V. Other comprehensive income, net of tax | 27,706,376 | -36,328,345 |
| (I) Other comprehensive income to be reclassified into profit and loss | 27,706,376 | -36,328,345 |
| 1. Other comprehensive income which can be reclassified into profit and loss accounted for using equity method | -207,381 | -2,429,901 |
| 2. Exchange differences on translation of financial statements of foreign operations | 27,913,757 | -33,898,444 |
| VI. Total comprehensive income | 992,047,646 | 401,384,882 |

| Legal representative: | Person in charge of the accounting work: | Person in charge of the accounting office: |
|---|---|---|
| Qi Meisheng | Zheng Yonggang | Chong Xiaojie |

**Consolidated Cash Flow Statement**

January to March, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

| Items | First quarter of 2020 | First quarter of 2019 |
|---|---|---|
| **I. Cash flows from operating activities:** | | |
| Cash received from selling goods and rendering services | 8,129,676,850 | 5,468,709,058 |
| Government grants and subsidies received | 7,687,800 | 0 |
| Sub-total of cash inflow from operating activities | 8,137,364,650 | 5,468,709,058 |
| Cash paid for purchasing goods and receiving services | 4,642,330,900 | 3,505,018,200 |
| Cash paid to and on behalf of employees | 1,437,133,504 | 1,257,928,257 |
| Cash paid for taxes | 693,557,153 | 518,218,358 |
| Cash paid relating to other operating activities | 183,837,957 | 192,848,605 |
| Sub-total of cash outflow from operating activities | 6,956,859,514 | 5,474,013,420 |
| Net cash flow from operating activities | 1,180,505,136 | -5,304,362 |
| **II. Cash flows from investing activities:** | | |
| Cash received from disposal of investments | 4,200,000,000 | 4,001,413,895 |
| Cash received from return on investments | 35,804,110 | 81,750,080 |
| Cash received on interest income from bank deposits | 16,456,419 | 9,148,424 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 186,468 | 23,400 |
| Sub-total of cash inflow from investing activities | 4,252,446,997 | 4,092,335,799 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 251,215,058 | 636,231,208 |

| | | |
|---|---|---|
| Cash paid for other investing activities | 3,000,000,000 | 3,300,000,000 |
| Sub-total of cash outflow from investing activities | 3,251,215,058 | 3,936,231,208 |
| Net cash flows from investing activities | 1,001,231,939 | 156,104,591 |
| **III. Cash flows from financing activities:** | | |
| Cash received from borrowings | 0 | 1,019,115,000 |
| Sub-total of cash inflow from financing activities | 0 | 1,019,115,000 |
| Cash paid for repayment of liabilities | 537,886,303 | 412,117,446 |
| Cash paid for repayment of interest expenses | 284,344,501 | 286,275,718 |
| Sub-total of cash outflow from financing activities | 822,230,804 | 698,393,164 |
| Net cash flows from financing activities | -822,230,804 | 320,721,836 |
| **IV. Effect of foreign exchange rate fluctuation on cash and cash equivalents** | 14,750,511 | -30,444,258 |
| **V. Net increase in cash and cash equivalents** | 1,374,256,782 | 441,077,807 |
| Add: Balance of cash and cash equivalents at the beginning of the period | 3,363,588,770 | 3,169,609,368 |
| **VI. Balance of cash and cash equivalents at the end of the period** | 4,737,845,552 | 3,610,687,175 |

| Legal representative: | Person in charge of the accounting work: | Person in charge of the accounting office: |
|---|---|---|
| Qi Meisheng | Zheng Yonggang | Chong Xiaojie |

**Company Cash Flow Statement**

January to March, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

| Items | First quarter of 2020 | First quarter of 2019 |
|---|---|---|
| **I. Cash flows from operating activities:** | | |
| Cash received from selling goods and rendering services | 5,703,247,399 | 4,303,141,547 |
| Government grants and subsidies received | 7,687,800 | 0 |
| Sub-total of cash inflow from operating activities | 5,710,935,199 | 4,303,141,547 |
| Cash paid for purchasing goods and receiving services | 3,986,754,002 | 2,717,460,446 |
| Cash paid to and on behalf of employees | 1,112,753,728 | 993,191,708 |
| Cash paid for taxes | 550,765,312 | 411,870,424 |
| Other cash paid relating to operating activities | 122,511,915 | 99,720,955 |
| Sub-total of cash outflow from operating activities | 5,772,784,957 | 4,222,243,533 |
| Net cash flow from operating activities | -61,849,758 | 80,898,014 |
| **II. Cash flows from investing activities:** | | |
| Cash received from disposal of investments | 4,200,000,000 | 3,927,554,350 |
| Cash received from return on investments | 35,804,110 | 81,750,080 |
| Cash received on interest income from bank deposits | 14,273,884 | 7,294,247 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 186,468 | 24,528,718 |
| Cash received from the repayment of borrowings to | 1,571,819,380 | 1,026,018,000 |

| | | |
|---|---|---|
| subsidiaries | | |
| Sub-total of cash inflow from investing activities | 5,822,083,842 | 5,067,145,395 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 169,169,283 | 508,739,762 |
| Cash paid for other investing activities | 3,000,000,000 | 3,300,000,000 |
| Cash paid for the borrowings to subsidiaries | 447,050,539 | 635,619,888 |
| Sub-total of cash outflow from investing activities | 3,616,219,822 | 4,444,359,650 |
| Net cash flows from investing activities | 2,205,864,020 | 622,785,745 |
| **III. Cash flows from financing activities:** | | |
| Cash paid for repayment of liabilities | 510,948,952 | 409,488,221 |
| Cash paid for repayment of interest expenses | 13,421,118 | 24,756,209 |
| Cash paid relating to other financing activities | 0 | 596,699 |
| Sub-total of cash outflow from financing activities | 524,370,070 | 434,841,129 |
| Net cash flows from financing activities | -524,370,070 | -434,841,129 |
| **IV. Effect of foreign exchange rate fluctuation on cash and cash equivalents** | 37,163,222 | -4,473,193 |
| **V. Net increase in cash and cash equivalents** | 1,656,807,414 | 264,369,437 |
| Add: Balance of cash and cash equivalents at the beginning of the period | 1,941,152,036 | 1,993,478,625 |
| **VI. Balance of cash and cash equivalents at the end of the period** | 3,597,959,450 | 2,257,848,062 |

| Legal representative: | Person in charge of the accounting work: | Person in charge of the accounting office: |
|---|---|---|
| Qi Meisheng | Zheng Yonggang | Chong Xiaojie |

**4.2 The initial implementation of new revenue standards or new leasing standards adjustment to the relevant items of the opening financial statements for 2020**

□Applicable √Not Applicable

**4.3 Description of the initial implementation of new financial instruments standards or new leasing standards retrospective adjustment to the comparative figures of the previous period for 2020**

□Applicable √Not Applicable

**4.4 Audit Report**

□Applicable √Not Applicable