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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

1. Revenue was RMB15,195.6 million.
2. Profit from operations was RMB1,268.1 million.
3. Profit for the period was RMB1,108.4 million.
4. Basic earnings per share were RMB0.23.

The interim results of the Company for the six months ended 30 June 2022 are unaudited.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**15,212,645**	12,735,429
Sales surtaxes		**(17,058)**	(12,401)
Revenue, net of sales surtaxes		**15,195,587**	12,723,028
Other income		**201,112**	158,199
Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library		**(2,281,911)**	(2,236,779)
Depreciation of right-of-use assets		**(177,607)**	(148,084)
Employee compensation costs		**(2,891,555)**	(2,475,465)
Repair and maintenance costs		**(174,013)**	(171,145)
Consumption of supplies, materials, fuel, services and others		**(3,808,205)**	(2,885,976)
Subcontracting expenses		**(3,520,725)**	(2,279,623)
Lease expenses	*6*	**(739,948)**	(727,107)
Other operating expenses		**(520,048)**	(600,014)
Impairment losses under the expected credit loss model, net of reversal	*6*	**(14,617)**	(2,514)
Total operating expenses		**(14,128,629)**	(11,526,707)
PROFIT FROM OPERATIONS		**1,268,070**	1,354,520
Exchange gains/(losses), net		**275,001**	(82,086)
Finance costs		**(379,569)**	(417,816)
Interest income		**46,666**	65,842
Investment income	*6*	**4,019**	23,484
Gains arising from financial assets at fair value through profit or loss	*6*	**53,763**	50,987
Share of profits of associates and joint ventures, net of tax		**171,527**	151,483
Other gains and losses, net	*6*	**(3,888)**	(21,486)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
PROFIT BEFORE TAX	*6*	**1,435,589**	1,124,928
Income tax expense	*7*	**(327,200)**	(316,398)
PROFIT FOR THE PERIOD		**1,108,389**	808,530
Attributable to:			
Owners of the Company		**1,102,536**	801,457
Non-controlling interests		**5,853**	7,073
		1,108,389	808,530
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic (RMB)	*9*	**23.11 cents**	16.80 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**1,108,389**	808,530
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of foreign operations	**(46,821)**	(12,912)
Share of other comprehensive income of joint ventures, net of related income tax	**–**	2,894
Income tax effect relating to items that may be reclassified subsequently to profit or loss	**(76,018)**	12,950
	(122,839)	2,932
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(122,839)**	2,932
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**985,550**	811,462
Attributable to:		
Owners of the Company	**969,863**	806,183
Non-controlling interests	**15,687**	5,279
	985,550	811,462

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**42,973,743**	43,256,158
Right-of-use assets	*11*	**1,275,603**	972,897
Goodwill	*12*	**–**	–
Other intangible assets		**86,104**	86,129
Multiclient library		**254,010**	287,706
Investments in an associate and joint ventures		**1,363,874**	1,247,283
Contract costs		**262,221**	204,038
Financial assets at fair value through profit or loss		**–**	–
Other non-current assets	*14*	**1,808,477**	1,800,837
Deferred tax assets		**209,885**	174,956
Total non-current assets		**48,233,917**	48,030,004
CURRENT ASSETS			
Inventories		**2,909,323**	2,598,330
Prepayments, deposits and other receivables		**384,692**	356,062
Accounts receivable	*13*	**16,269,921**	10,511,674
Notes receivable		**20,665**	29,259
Receivables at fair value through other comprehensive income		**12,645**	9,862
Financial assets at fair value through profit or loss		**1,016,384**	5,703,728
Contract assets		**48,912**	90,997
Contract costs		**7,355**	26,523
Other current assets	*14*	**277,668**	841,983
Pledged deposits		**6,774**	11,479
Time deposits		**95,411**	95,418
Cash and cash equivalents		**4,454,717**	5,006,389
Total current assets		**25,504,467**	25,281,704

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

	Notes	**30 June 2022** *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
CURRENT LIABILITIES			
Trade and other payables	*15*	**9,501,883**	9,066,083
Notes payable		**637**	54,173
Salary and bonus payables		**716,938**	794,877
Tax payable		**422,867**	338,971
Loan from a related party	*16*	**2,350,838**	2,232,061
Interest-bearing bank borrowings	*17*	**18,275**	18,285
Long-term bonds	*18*	**6,876,354**	8,122,706
Lease liabilities		**415,132**	342,013
Contract liabilities		**539,550**	545,113
Other current liabilities	*14*	**807,991**	494,445
Total current liabilities		**21,650,465**	22,008,727
NET CURRENT ASSETS		**3,854,002**	3,272,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**52,087,919**	51,302,981

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

	Notes	**30 June 2022 *RMB'000* (Unaudited)**	31 December 2021 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**40,706**	38,670
Interest-bearing bank borrowings	*17*	**174,617**	180,239
Long-term bonds	*18*	**12,418,788**	11,980,462
Lease liabilities		**693,079**	568,080
Contract liabilities		**23,078**	31,487
Deferred income		**223,711**	235,852
Other non-current liabilities	*14*	**27,799**	51,861
Total non-current liabilities		**13,601,778**	13,086,651
Net assets		**38,486,141**	38,216,330
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,771,592**	4,771,592
Reserves		**33,515,363**	33,261,239
		38,286,955	38,032,831
Non-controlling interests		**199,186**	183,499
Total equity		**38,486,141**	38,216,330

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 reorganisation (the "Reorganisation") of China National Offshore Oil Corporation ("CNOOC") in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "HKSE") in 2002, and pursuant to an approval document obtained from the relevant government authority dated 26 September 2002, the Company was restructured into a joint stock limited liability company.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") 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 2022, 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 30 June 2022	31 December 2021	Principal activities
COSL Chemicals (Tianjin), Ltd. (a)	Tianjin, PRC 7 September 1993	PRC	RMB20,000,000	**100%**	100%	Manufacture and marketing of drilling fluids
PT.COSL INDO	Indonesia 1 August 2005	Indonesia	US Dollar ("US$") 400,000	**100%**	100%	Provision of oil & gas exploration services
COSL-HongKong Limited	Hong Kong 1 December 2005	Hong Kong	Hong Kong Dollar 10,000	**100%**	100%	Investment holding
COSL (Australia) Pty Ltd. (b)	Australia 11 January 2006	Australia	Australian Dollar 10,000	**–**	100%	Provision of drilling services
COSL Mexico S.A.de C.V	Mexico 26 May 2006	Mexico	US$8,504,525	**100%**	100%	Provision of drilling services
COSL (Middle East) FZE	United Arab Emirates 2 July 2006	United Arab Emirates	UAE Dirham 1,000,000	**100%**	100%	Provision of oil & gas exploration services

Name of entity	Place and date of incorporation/ registration	Principal place of business	Issued and fully paid share capital/ paid-in capital	Percentage of equity attributable to the Group 30 June 2022	31 December 2021	Principal activities
COSL Prospector Pte. Ltd.	Singapore 27 February 2007	Singapore	US$189,779,384	**100%**	100%	Provision of drilling services
COSL Norwegian AS ("CNA")	Norway 23 June 2008	Norway	Norwegian Krone ("NOK") 1,541,328,656	**100%**	100%	Investment holding
COSL Drilling Pan-Pacific (Labuan) Ltd.	Malaysia 4 April 2009	Malaysia	US$100,000	**100%**	100%	Management of jack-up drilling rigs
COSL Drilling Pan-Pacific Ltd.	Singapore 13 April 2009	Singapore	US$1,000,000	**100%**	100%	Management of jack-up drilling rigs
COSL Singapore Capital Ltd.	Singapore 29 October 2009	Singapore	Singapore Dollar 2	**100%**	100%	Bond issuance
PT. Samudra Timur Santosa ("PT STS") (c)	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 Finance (BVI) Limited	British Virgin Islands 12 July 2012	British Virgin Islands	US$1	**100%**	100%	Bond issuance
COSL Deepwater Technology Co. Ltd. (a)	Shenzhen, PRC 12 September 2013	PRC	RMB 470,000,000	**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	RMB 200,000,000	**100%**	100%	Provision of oil & gas exploration services
COSL Hainan Technical Services Ltd. (a)	Chengmai, PRC 12 May 2020	PRC	RMB 1,000,000,000	**100%**	100%	Provision of oil & gas exploration services
Hainan Deep Drilling Ltd. (a)	Haikou, PRC 12 March 2021	PRC	RMB 10,000,000	**100%**	100%	Provision of drilling services
COSL UK Limited	UK 24 January 2022	United Kingdom	Great Britain Pound 1,472,600	**100%**	–	Provision of oilfield services and related activities

(a) COSL Chemicals (Tianjin), Ltd., COSL Deepwater Technology Co. Ltd., COSL Hainan Ltd., Hainan Deep Drilling Ltd. and COSL Hainan Technical Services Ltd. were established in the PRC as limited liability companies.

(b) COSL (Australia) Pty Ltd. was deregistered on 5 January 2022.

(c) In the opinion of the Directors, the Group has control over PT STS as the Group has 100% voting rights of 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 condensed consolidated financial information for the six months ended 30 June 2022 and 2021.

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 current interim period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

As at 30 June 2022, particulars of all associates and joint ventures of the Group are as follows:

Name of entity	Nominal value of issued ordinary/ registered share capital	Place and date of incorporation/ registration and operations	Percentage of ownership interest 30 June 2022	31 December 2021	Principal activities
China Offshore Fugro Geosolutions (Shenzhen) Company Ltd.	US$6,000,000	Shenzhen, PRC 24 August 1983	**50%**	50%	Provision of geophysical and surveying services
China France Bohai Geoservices Co., Ltd.	US$6,650,000	Tianjin, PRC 30 November 1983	**50%**	50%	Provision of mudlogging services
China Petroleum Logging-Atlas Cooperation Service Company	US$2,000,000	Shenzhen, PRC 10 May 1984	**50%**	50%	Provision of logging services
China Nanhai Magcobar Mud Corporation Ltd. ("Magcobar") (a)	RMB4,640,000	Shenzhen, PRC 25 October 1984	**60%**	60%	Provision of drilling fluids services
COSL-Expro Testing Services (Tianjin) Company Ltd.	US$5,000,000	Tianjin, PRC 28 February 2007	**50%**	50%	Provision of well testing services
PBS-COSL Oilfield Services Company SDN BHD. ("PBS-COSL'') (b)	Brunei Dollar 100,000	Brunei 20 March 2014	**49%**	49%	Provision of drilling services
COSL (Malaysia) SDN.BHD. ("COSL Malaysia") (c)	Ringgit Malaysian 350,000	Malaysia 31 July 2017	**49%**	49%	Provision of drilling services
Well Technology Company Ltd.	RMB 260,000,000	Foshan, PRC 24 July 2020	**40%**	40%	Provision of well technology services

(a) The Group has 60% of the equity interests in Magcobar, the remaining equity interests of which are held by the other sole investor. Pursuant to the articles of association of Magcobar, at least two-thirds of the voting rights are required for decisions on directing the relevant activities of this entity. In the opinion of the Directors, the Group does not have control over Magcobar and the investment in this joint arrangement is an interest in a joint venture based on the rights and obligations of the parties to this joint arrangement. Accordingly, Magcobar has been accounted for in the Group's condensed consolidated financial information using the equity method.

(b) The Group has 49% of the equity interests in PBS-COSL, the remaining equity interests of which are held by the other sole investor. Pursuant to the articles of association of PBS-COSL, the board of directors of PBS-COSL shall comprise four directors, two of whom shall be appointed by the Company and two shall be appointed by the other sole investor. Unanimous approvals by the directors of PBS-COSL are required for decisions on directing the relevant activities of PBS-COSL. In the opinion of the Directors, the Group does not have control over PBS-COSL and the investment in this joint arrangement is an interest in a joint venture based on the rights and obligations of the parties to this joint arrangement. Accordingly, PBS-COSL has been accounted for in the Group's condensed consolidated financial information using the equity method.

(c) 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 of votes is required for decisions on directing the relevant activities of this entity. The board of directors of COSL Malaysia shall comprise five directors, two of whom shall be appointed by the Company and three shall be appointed by the other sole investor, 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 consents by the Group and the other investor are required for decisions on directing the relevant activities of COSL Malaysia. In the opinion of the Directors, the Group does not have control over COSL Malaysia and the investment in this joint arrangement is an 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 condensed consolidated financial information using the equity method. As at 30 June 2022, the Group has yet injected any capital into COSL Malaysia since the capital injection time according to the joint venture agreement has not due yet.

All of the above investments in associates 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 associates and joint ventures are accounted for using the equity method in this condensed consolidated financial information.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 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 2021.

3. CHANGES IN ACCOUNTING POLICIES

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 2021, 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 3	*Reference to the Conceptual Framework*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and applied onerous contracts which were previously identified. The amendments did not have any significant impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

4. OPERATING SEGMENT INFORMATION

The Group is organised into four business units 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;

(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 or losses 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 a loan from a related party, 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.

Six months ended 30 June 2022 (Unaudited)

	Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical acquisition and surveying services *RMB'000*	Total *RMB'000*
Revenue					
Sales to external customers, net of sales surtaxes	5,055,053	7,558,110	1,724,905	857,519	15,195,587
Sales surtaxes	4,671	9,256	2,258	873	17,058
Revenue, before net of sales surtaxes	5,059,724	7,567,366	1,727,163	858,392	15,212,645
Intersegment sales	196,635	9,900	150,521	1,820	358,876
Segment revenue	5,256,359	7,577,266	1,877,684	860,212	15,571,521
Eliminations	(196,635)	(9,900)	(150,521)	(1,820)	(358,876)
Group revenue	5,059,724	7,567,366	1,727,163	858,392	15,212,645
Segment results	52,174	1,420,792	55,259	(92,516)	1,435,709
Reconciliation:					
Exchange gains, net					275,001
Finance costs					(379,569)
Interest income					46,666
Investment income					4,019
Gains arising from financial assets at FVTPL					53,763
Profit before tax					1,435,589
Income tax expense					(327,200)
As at 30 June 2022 (Unaudited)					
Segment assets	36,445,599	18,224,814	7,941,451	4,651,728	67,263,592
Unallocated assets					6,474,792
Total assets					73,738,384
Segment liabilities	3,919,312	6,572,189	1,164,227	947,671	12,603,399
Unallocated liabilities					22,648,844
Total liabilities					35,252,243

Six months ended 30 June 2021 (Unaudited)

	Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical acquisition and surveying services *RMB'000*	Total *RMB'000*
Revenue					
Sales to external customers, net of sales surtaxes	4,347,797	6,019,996	1,535,917	819,318	12,723,028
Sales surtaxes	5,039	5,674	999	689	12,401
Revenue, before net of sales surtaxes	4,352,836	6,025,670	1,536,916	820,007	12,735,429
Intersegment sales	62,551	108,462	68,792	135	239,940
Segment revenue	4,415,387	6,134,132	1,605,708	820,142	12,975,369
Eliminations	(62,551)	(108,462)	(68,792)	(135)	(239,940)
Group revenue	4,352,836	6,025,670	1,536,916	820,007	12,735,429
Segment results	20,251	1,385,989	189,371	(111,094)	1,484,517
Reconciliation:					
Exchange losses, net					(82,086)
Finance costs					(417,816)
Interest income					65,842
Investment income					23,484
Gains arising from financial assets at FVTPL					50,987
Profit before tax					1,124,928
Income tax expense					(316,398)
As at 31 December 2021 (Audited)					
Segment assets	35,126,818	14,406,888	7,084,363	5,046,449	61,664,518
Unallocated assets					11,647,190
Total assets					73,311,708
Segment liabilities	4,814,682	5,877,848	1,052,958	950,318	12,695,806
Unallocated liabilities					22,399,572
Total liabilities					35,095,378

Geographical information

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

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

The following table presents revenue information for the Group's geographical areas for the six months ended 30 June 2022 and 2021.

Six months ended 30 June 2022 (Unaudited)

		International		
	Domestic	**North Sea**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue:				
Sales to external customers	**12,806,297**	**215,568**	**2,190,780**	**15,212,645**
Less: Sales surtaxes	**(17,058)**	**–**	**–**	**(17,058)**
Revenue, net of sales surtaxes	**12,789,239**	**215,568**	**2,190,780**	**15,195,587**

Six months ended 30 June 2021 (Unaudited)

		International		
	Domestic	North Sea	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Sales to external customers	10,485,207	392,417	1,857,805	12,735,429
Less: Sales surtaxes	(12,401)	–	–	(12,401)
Revenue, net of sales surtaxes	10,472,806	392,417	1,857,805	12,723,028

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 81% (six months ended 30 June 2021: 84%) of the total sales of the Group for the six months ended 30 June 2022.

5. REVENUE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**14,879,656**	12,562,560
Revenue arising from operating leases	**332,989**	172,869
	15,212,645	12,735,429

Disaggregation of revenue from contracts with customers, before net of sales surtaxes for the six months ended 30 June 2022 and 2021

	For the six months ended 30 June 2022 (Unaudited)				
Segments	**Drilling services**	**Well services**	**Marine support services**	**Geophysical acquisition and surveying services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Timing of revenue recognition					
At a point of time	**–**	**36,330**	**–**	**10,493**	**46,823**
Over time	**4,784,094**	**7,473,677**	**1,727,163**	**847,899**	**14,832,833**
Total	**4,784,094**	**7,510,007**	**1,727,163**	**858,392**	**14,879,656**

	For the six months ended 30 June 2021 (Unaudited)				
Segments	Drilling services	Well services	Marine support services	Geophysical acquisition and surveying services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Timing of revenue recognition					
At a point of time	–	15,613	–	1,643	17,256
Over time	4,179,967	6,010,057	1,536,916	818,364	12,545,304
Total	4,179,967	6,025,670	1,536,916	820,007	12,562,560

Most of the Group's contracts with customers generally provide for payment on a day rate or operation volume basis. The Group elected to apply the practical expedient 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.

	For the six months ended 30 June 2022 (Unaudited)				
Segments	**Drilling services**	**Well services**	**Marine support services**	**Geophysical acquisition and surveying services**	**Revenue from contracts with customers**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**5,256,359**	**7,577,266**	**1,877,684**	**860,212**	**15,571,521**
Less: Revenue arising from operating leases	**(275,630)**	**(57,359)**	**–**	**–**	**(332,989)**
Eliminations	**(196,635)**	**(9,900)**	**(150,521)**	**(1,820)**	**(358,876)**
Revenue from contracts with customers	**4,784,094**	**7,510,007**	**1,727,163**	**858,392**	**14,879,656**

	For the six months ended 30 June 2021 (Unaudited)				
Segments	Drilling services	Well services	Marine support services	Geophysical acquisition and surveying services	Revenue from contracts with customers
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	4,415,387	6,134,132	1,605,708	820,142	12,975,369
Less: Revenue arising from operating leases	(172,869)	–	–	–	(172,869)
Eliminations	(62,551)	(108,462)	(68,792)	(135)	(239,940)
Revenue from contracts with customers	4,179,967	6,025,670	1,536,916	820,007	12,562,560

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Losses arising from lease modifications and termination	**66**	7,593
Losses on disposal of plant and equipment, net	**3,822**	13,893
Other gains and losses, net	**3,888**	21,486
Lease expenses in respect of land and buildings, berths and equipment *(Note)*	**739,948**	727,107
Income from investments in corporate wealth management products, monetary funds and debt instrument	**(4,019)**	(23,484)
Cost of inventories recognised as an expense	**2,539,988**	1,802,212
Gains arising from financial assets at FVTPL	**(53,763)**	(50,987)
Impairment/(reversal of impairment) of accounts receivable	**13,042**	(812)
Impairment of other receivables	**1,575**	3,326
Exchange (gains)/losses, net	**(275,001)**	82,086

Note: Lease expenses in the six months ended 30 June 2022 and 2021 represent short-term leases and variable lease payments not included in the measurement of lease liabilities.

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on the profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it does not have assessable profits currently sourced from Hong Kong.

Under the Corporate Income Tax Law of the PRC (the "CIT"), the statutory tax rate of the Company, subsidiaries and its key joint ventures and associates in Mainland China is 25%.

According to the High-New Technical Enterprise ("HNTE") certificate renewed by the Company in October 2020, the CIT rate of the Company is 15% for the period from 2020 to 2022.

According to the HNTE certificate renewed by the Group's subsidiary COSL Chemicals (Tianjin), Ltd. in October 2020, the CIT rate of COSL Chemicals (Tianjin), Ltd. is 15% for the period from 2020 to 2022.

According to the HNTE certificate renewed by the Group's subsidiary COSL Deepwater Technology Co. Ltd. in December 2019, the CIT rate of COSL Deepwater Technology Co. Ltd. was 15% from 2019 to 2021 and the renewal is still in application. COSL Deepwater Technology Co. Ltd. temporarily calculates the income tax expense for 2022 at a tax rate of 15%.

List of other corporate income tax rates applicable to the Group's activities:

Countries and regions	Six months ended 30 June **2022** **(Unaudited)**	 2021 (Unaudited)
Indonesia	**22%**	22%
Mexico	**30%**	30%
Norway	**22%**	22%
The United Kingdom	**19%**	19%
Iraq	**Withholding tax based on 7% of revenue generated in Iraq**	Withholding tax based on 7% of revenue generated in Iraq
United Arab Emirates	**Not subject to any income tax**	Not subject to any income tax
Singapore	**17%**	17%
The United States of America	**21%**	21%
Canada	**Net federal corporate income tax of 15% and provincial income tax ranging from 8% to 16%, depending on the province and the size of the business**	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 **2022** ***RMB'000*** **(Unaudited)**	 2021 *RMB'000* (Unaudited)
Overseas income taxes:		
Current	**86,574**	71,924
Deferred	**(2,761)**	21,968
PRC corporate income taxes:		
Current	**300,365**	147,093
Deferred	**(31,710)**	77,511
Over provision in prior years	**(25,268)**	(2,098)
Total tax charge for the period	**327,200**	316,398

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for Mainland China, where the Company, certain subsidiaries and its key joint ventures and associates 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			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Profit before tax	**1,435,589**		1,124,928	
Tax at the statutory tax rate of 25%	**358,897**	**25.0**	281,232	25.0
Tax effect as HNTE	**(192,773)**	**(13.4)**	(162,820)	(14.5)
Tax effect of domestic income not subject to tax	**(1,644)**	**(0.1)**	(5,262)	(0.4)
Tax effect of share of profit of an associate and joint ventures	**(42,882)**	**(3.0)**	(37,871)	(3.4)
Tax effect of expenses not deductible for tax	**71,502**	**5.0**	89,881	8.0
Tax benefit for qualifying research and development expenses	**(54,559)**	**(3.8)**	(49,785)	(4.4)
Effect of non-taxable profit and different tax rates for overseas subsidiaries	**237,435**	**16.5**	185,840	16.4
Tax effect of tax losses and deductible temporary differences unrecognised	**30,701**	**2.1**	22,209	2.0
Influences to taxation due to deductible temporary differences caused by writing off unrecognized deferred tax assets from previous periods	**(76,210)**	**(5.3)**	–	0.0
Utilisation of tax losses previously not recognised	**–**	**0.0**	(419)	(0.0)
Over provision in respect of prior years	**(25,268)**	**(1.8)**	(2,098)	(0.2)
Translation adjustment *(Note)*	**6,728**	**0.5**	(925)	(0.1)
Others	**15,273**	**1.1**	(3,584)	(0.3)
Total tax charge at the Group's effective tax rate	**327,200**	**22.8**	316,398	28.1

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.

8. DIVIDENDS

During the current interim period, a dividend of RMB0.15 per share (tax inclusive) (of which: final dividend of RMB0.02 (tax inclusive), special dividend of RMB0.13 (tax inclusive)) of the Company based on the total share capital of 4,771,592,000 shares as at 31 December 2021 (2021: RMB0.17 per ordinary share of the Company based on the total share capital of 4,771,592,000 shares as at 31 December 2020) was declared and paid to the owners of the Company. The aggregate amount of the dividend declared and paid in the current interim period amounted to RMB715,739,000 (of which: final dividend of RMB95,432,000, special dividend of RMB620,307,000) (2021: RMB811,171,000).

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	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share calculation (profit for the period attributable to owners of the Company)	**1,102,536**	801,457

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Number of shares		
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 2022 and 2021 as the Group had no dilutive potential ordinary shares in issue during those periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired certain machinery and equipment, vessels and drilling rigs with an aggregate cost amounting to approximately RMB1,116,014,000 (six months ended 30 June 2021: RMB1,206,355,000), of which approximately RMB767,113,000 was transferred from construction in progress (six months ended 30 June 2021: RMB857,957,000). Additions of construction in progress amounting to approximately RMB777,091,000 were recognised during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB733,304,000). Drilling rigs, machinery and equipment with an aggregate net carrying amount of RMB22,036,000 (six months ended 30 June 2021: RMB18,327,000) were disposed of during the six months ended 30 June 2022, resulting in a loss on disposal of RMB3,822,000 (six months ended 30 June 2021: loss on disposal of RMB13,893,000).

Out of the total finance costs incurred, no finance costs (six months ended 30 June 2021: Nil) was capitalised in property, plant and equipment in the six months ended 30 June 2022.

No impairment losses were recognised in the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) 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 of 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 2022, the Group entered into certain lease agreements and recognised right-of-use assets of RMB468,346,000 (six months ended 30 June 2021: RMB406,333,000) and lease liabilities of RMB349,054,000 (six months ended 30 June 2021: RMB406,333,000) on lease commencement.

12. GOODWILL

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

13. ACCOUNTS RECEIVABLE

The Group normally allows a credit period of 30 to 45 days to its trade customers in Mainland China 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.

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts receivable aged:		
Within one year	**16,149,685**	10,377,252
One year to two years	**52,418**	66,753
Over two years	**67,818**	67,669
	16,269,921	10,511,674

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

	30 June 2022 *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Deposits paid for monetary funds *(Note (a))*	**–**	600,000
Value-added tax to be deducted and prepaid	**277,668**	241,983
Other current assets	**277,668**	841,983
Output value-added tax to be recognised	**(745,935)**	(431,385)
Provision due within one year *(Note (b))*	**(62,056)**	(63,060)
Other current liabilities	**(807,991)**	(494,445)
Certificate of deposit *(Note (c))*	**1,586,196**	1,556,535
Lease receivable	**–**	4,617
Value-added tax recoverable	**211,100**	156,127
Deposits paid for the acquisition of property, plant and equipment	**2,726**	4,014
Income tax recoverable	**8,455**	11,574
Land deposit	**–**	67,970
Other non-current assets	**1,808,477**	1,800,837
Provision *(Note (b))*	**(27,799)**	(51,861)
Other non-current liabilities	**(27,799)**	(51,861)

Notes:

(a) The Company contributed to the purchase of monetary funds and the shares of the fund were included in other current assets as the fund companies had not yet recognised the shares at 31 December 2021. The fund shares were recognised by the fund companies on 4 January 2022.

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

(c) As at 30 June 2022, the Group held a certificate of deposit with a maturity of over 1 year and a par value of RMB1,500,000,000. The certificate of deposit can be withdrawn or sold before maturity.

15. TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**9,035,465**	8,487,861
Other payables	**466,418**	578,222
	9,501,883	9,066,083

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances aged:		
Within one year	**8,732,728**	8,239,978
One year to two years	**199,253**	135,328
Two years to three years	**33,888**	61,487
Over three years	**69,596**	51,068
	9,035,465	8,487,861

16. LOAN FROM A RELATED PARTY

	Contractual interest rate per annum	30 June 2022	31 December 2021
	(%)	*RMB'000*	*RMB'000*
		(Unaudited)	(Audited)
Loan from a related party – unsecured	LIBOR+0.5%	**2,350,838**	2,232,061

During the six months ended 30 June 2022, the Group did not obtain any new loans (six months ended 30 June 2021: Nil).

17. INTEREST-BEARING BANK BORROWINGS

No bank borrowings were obtained during the six months ended 30 June 2022 and 2021.

During the six months ended 30 June 2022, the Group repaid bank borrowings denominated in RMB of RMB9,100,000 (six months ended 30 June 2021: RMB9,100,000).

The weighted average effective interest rate of bank borrowings for the six months ended 30 June 2022 was 1.08% per annum (six months ended 30 June 2021: 1.08% per annum) and the borrowings are repayable in instalments over a period of 1 to 15 years.

18. LONG-TERM BONDS

	Year of maturity	**30 June 2022** *RMB'000* **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Corporate bonds *(Note (a))*	2022	**–**	1,542,000
2016 Corporate Bonds			
(Type II of the First Tranche Issue as defined below) *(Note (b))*	2026	**3,010,313**	3,071,603
(Type II of the Second Tranche Issue as defined below) *(Note (b))*	2023	**743,175**	732,610
Senior unsecured USD bonds *(Note (c))*	2022	**6,786,081**	6,442,557
Guaranteed medium term notes			
Second Drawdown Note *(Note (d))*	2025	**3,409,947**	3,237,994
Guaranteed senior notes			
2025 Notes *(Note (e))*	2025	**3,349,793**	3,181,334
2030 Notes *(Note (e))*	2030	**1,995,833**	1,895,070
		19,295,142	20,103,168
Current		**6,876,354**	8,122,706
Non-current		**12,418,788**	11,980,462
		19,295,142	20,103,168

Notes:

(a) On 18 May 2007, the Group issued 15-year corporate bonds, with a nominal value of RMB100 per bond, amounting to RMB1,500,000,000. The bonds carried an effective interest rate of 4.48% per annum, and the maturity date was 14 May 2022. As of 30 June 2022, the Group has repaid all principal and interest.

(b) On 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 ("Type II of the First Tranche Issue") carries interest at an effective rate of 4.12% per annum and the maturity date is 27 May 2026.

On 21 October 2016, the Group issued its second tranche (the "Second Tranche Issue") of 2016 Corporate Bonds with an aggregate amount of RMB5,000,000,000. The Second Tranche Issue includes two types of bonds. The first type of bonds with a principal amount of RMB2,100,000,000 (the "Type I of the Second Tranche Issue") was repayable on 24 October 2021. As of 31 December 2021, the Group has repaid all principal and interest.

The second type of bonds with a principal amount of RMB2,900,000,000 ("Type II of the Second Tranche Issue") is repayable on 24 October 2023. The Group has the right not to adjust or to adjust the coupon rate for the sixth and seventh years at the end of the fifth year on 24 October 2021 by giving a notice to the bondholders. The bondholders may accordingly at their option to require the Group to redeem Type II of the Second Tranche Issue at a redemption price equal to 100% of the principal plus accrued and unpaid interest to such redemption date. The remaining bonds will be subject to the interest rate offered by the Group at the end of the fifth year until the maturity date. The bondholders resold the bonds with a principal amount of RMB2,171,382,000 to the Group on 25 October 2021. The effective interest rate of the Type II of the Second Tranche Issue is 2.90% per annum.

(c) On 6 September 2012, COSL Finance (BVI) Limited, a subsidiary of the Company, issued 10-year senior unsecured USD bonds, with a US$1,000,000,000 principal amount. The maturity date is 6 September 2022. The effective interest rate of the senior unsecured bonds is 3.38% per annum.

(d) On 20 July 2015, COSL Singapore Capital Ltd., a wholly-owned subsidiary of the Company, established the Euro medium term note programme (the "EMTN Programme"). Under the EMTN Programme, COSL Singapore Capital Ltd. may issue drawdown notes in tranches up to an aggregate principal amount of US$3,500,000,000. The Company has unconditionally and irrevocably guaranteed the due and punctual payment of the EMTN Programme.

On 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 of initial transaction costs. The principal of the Second Drawdown Note will be repaid on 30 July 2025.

(e) On 24 June 2020, COSL Singapore Capital Ltd., a wholly-owned subsidiary of the Company, issued two tranches of Guaranteed Senior Notes. The Company has unconditionally and irrevocably guaranteed the due and punctual payment of the Guaranteed Senior Notes.

The first tranche of the notes (the "2025 Notes") are 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") are 10-year guaranteed senior notes, with a US$300,000,000 principal amount. The maturity date is 24 June 2030. The effective interest rate of the 2030 Notes is 2.62% per annum.

19. REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30 June 2022 have been reviewed with no disagreement by the Audit Committee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In the first half of 2022, the global economy remained in a grim state. The increase in the price of bulk commodities, occasional resurgence of pandemic in various regions, increasing interest rates and shrinking balance sheets by the US Federal Reserve as well as geopolitical conflict hindered the recovery of global economy. In the first half of the year, the international oil price fluctuated around an upward trend and oil and gas companies have increased their investment in oil and gas exploration and development, and oilfield service market continued to recover. According to the latest research report of “Global Upstream Spending” released by IHS Markit, it is expected that the global upstream spending in exploration and development in 2022 will be USD493.6 billion, representing an increase of 34.1% as compared with 2021, of which the spending in offshore oilfield exploration and development will be USD132.3 billion, representing an increase of 19.9% compared with the same period of last year. It is forecasted in the latest “Oilfield Market Report” released by Spears & Associates that the global oilfield service industry market size will be USD265.4 billion in 2022, representing an increase of 30.0% compared with the same period of last year. Despite the impact of the COVID-19 pandemic, the domestic oilfield service market maintains steady growth benefited from the rise in the international oil price and the continual promotion of actions to strengthen reserves and production under the strategy which aims to safeguard national energy security.

Business Review

In the first half of 2022, the impact of the COVID-19 pandemic on the global oil industry steadily diminished, while the geopolitical conflict raised the uncertainty of the supply side, the international oil price fluctuated around an upward trend, and the scale of oilfield service market showed signs of recovery. Seizing the opportunity of rise in international oil price, the Company continuously increased the output value, effectively relieved the cost pressure from global inflation, implemented the five development strategies in the new era. The Company adhered to the principle of steadiness, sought progress while maintaining stability, continued to reduce costs, improve quality and efficiency, took strict measures to ensure compliance operations and prevent risks and challenges. The Company continuously strengthened cost leadership advantages, persistently improved the leadership in technologies with competitiveness of “integration” enhanced steadily. In the first half of the year, the Company’s revenue was RMB15,195.6 million, representing an increase of RMB2,472.6 million or 19.4% compared with the same period of last year and profit for the period was RMB1,108.4 million, representing an increase of RMB299.9 million or 37.1% compared with the same period of last year.

Drilling Services Segment

Revenue for the Company's drilling services segment in the first half of the year was RMB5,055.1 million, representing an increase of RMB707.3 million or 16.3% compared with RMB4,347.8 million for the same period of last year.

In the first half of 2022, the offshore oil and gas industry gradually recovered, and the market demand for drilling rigs increased. The Company continued to consolidate the foundation of safe production, improved the equipment management capability in the whole life cycle, actively responded to the government's call to strengthen reserves and production, continuously planned and expanded overseas markets, and comprehensively improved the operation and management capability. The utilization rate of jack-up and semi-submersible drilling rigs staged a recovery. In the first half of the year, the Company completed the construction of digital center platform for drilling in an all-round way, and the informatization management tools were officially put into use at the frontline; the rig "NH7" was installed with the first domestic deepwater subsea Christmas tree; the rig "HYSY943" successfully completed the self-circulating injection operation inside the pipe for the first time in China; the rig "China Merchants Hailong 8" successfully completed the drilling and completion operation of the first development project of shallow-water subsea Christmas tree system in China; with the vigorous efforts in overseas market expansion, three semi-submersible drilling rigs in Europe gradually recovered operation in the first half of the year, among which the low-carbon emission reduction system of "COSLPromoter" rig was reported by the journal of International Drilling Contractors Association. The Company continued cultivating the Middle East market. Depending on the excellent operation performance, professional technical literacy and efficient management mode, which were highly recognized by customers, the Company entered into the "5+2" year operation contracts of three drilling rigs with high-end customers.

As of 30 June 2022, the Company operated and managed a total of 57 drilling rigs, including 44 jack-up drilling rigs and 13 semi-submersible drilling rigs. Of these, 33 rigs were operating in the China sea and 11 rigs in overseas such as North America and Southeast Asia, while 11 rigs were on standby and 2 rigs were under repair in shipyards. In the first half of the year, operating days for the Company's drilling rigs amounted to 8,017 days, representing an increase of 1,439 days or 21.9% compared with the same period of last year. Among which, operating days for jack-up drilling rigs amounted to 6,632 days, representing an increase of 1,336 days compared with the same period of last year; operating days for semi-submersible drilling rigs amounted to 1,385 days, representing an increase of 103 days compared with the same period of last year. The calendar day utilisation rate of drilling rigs was 77.4%, representing an increase of 12.1 percentage points compared with the same period of last year, due to the increase in operation volume.

Operation details for the Company's jack-up and semi-submersible drilling rigs in the first half of 2022 are as follows:

Drilling Services	For the six months ended 30 June **2022**	2021	Change
Operating days (day)	**8,017**	6,578	21.9%
Jack-up drilling rigs	**6,632**	5,296	25.2%
Semi-submersible drilling rigs	**1,385**	1,282	8.0%
Available day utilisation rate	**84.4%**	68.9%	Up 15.5 percentage points
Jack-up drilling rigs	**89.8%**	71.8%	Up 18.0 percentage points
Semi-submersible drilling rigs	**65.5%**	59.1%	Up 6.4 percentage points
Calendar day utilisation rate	**77.4%**	65.3%	Up 12.1 percentage points
Jack-up drilling rigs	**83.9%**	68.6%	Up 15.3 percentage points
Semi-submersible drilling rigs	**56.4%**	54.5%	Up 1.9 percentage points

In the first half of 2022, the average daily revenue for the Company's jack-up and semi-submersible drilling rigs decreased to various extents as compared with the same period of last year due to the exchange rate effect and the fact that the operating price of certain overseas equipment have not yet recovered to a normal level. Details are as follows:

Average daily revenue (US$10,000 per day)	For the six months ended 30 June **2022**	2021	Change	Percentage change
Jack-up drilling rigs	**7.1**	7.6	(0.5)	(6.6%)
Semi-submersible drilling rigs	**11.5**	14.5	(3.0)	(20.7%)
Subtotal of drilling rigs	**7.9**	8.9	(1.0)	(11.2%)

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

(2) US$/RMB exchange rate was 1: 6.7114 on 30 June 2022 and 1: 6.4601 on 30 June 2021.

Well Services Segment

The first half of the year saw an increase in the operation volume of main lines in the Company's well services segment, and its overall revenue was RMB7,558.1 million, representing an increase of RMB1,538.1 million or 25.5% compared with RMB6,020.0 million for the same period of last year.

In the first half of 2022, with the guidance of technical requirements, the Company continued to promote the technological innovation and development, improved its capability of independent manufacturing, accelerated the transformation of scientific research, and established a benign circulation mechanism of creating value with technology. Moreover, the Company transformed "high-technology" into "high-output", enhanced its core competitiveness of technology, accelerated the layout of new energy industry and continued to cultivate the integrated service capability of the whole chain, thereby providing customers with better life-cycle solutions. In the first half of the year, the Company completed the first application of optical fiber testing technology for high-temperature coiled tubing in a horizontal well of steam injection in Bohai Sea; ESCOOL high-temperature and high-pressure electrical imaging logging was operated for the first time in key exploration wells in an onshore oilfield; China's first self-developed bionanotechnology for injection enhancement suitable for low and medium permeability reservoirs realized the scale application in an oilfield in Bohai Sea; the self-developed rear neutron density logger was put into commercial operation of horizontal well in a well in Bohai for the first time; the self-developed nanometer plugging and filtrate reducer for non-water-based drilling fluid was applied for the first time, filling the gap of domestic nanometer materials in the application of non-water-based plugging; the Company won the bid for the first offshore scientific research project for storage of carbon dioxide salt water in China; the Company successfully completed the project of protecting the crossover section of 500MW offshore wind power submarine cables.

The Company worked out systematic plan on global development, established partnerships and strengthened localization, with capabilities of overseas technical services and market expansion enhanced in the first half of the year. The Company successfully completed the logging operation of the first well for new customers in America; successfully developed and completed the cementing technical services for onshore well in America with high quality for the first time; completed the general contracting drilling services of the first batch of 10 wells in a block in America; won the bids for two offshore projects of drilling and completion fluids, one contract on cementing service, cementing services for two development projects and five-year wireline logging service projects in Southeast Asia; self-developed standard "Xuanji" system rotary steering, geological steering tool, interconnection and RTC system completed the first high-end directional while drilling operation project overseas; the self-developed engineering software (VirtualMud) for drilling and completion fluid was successfully applied in an oilfield in the Middle East, representing the industrialization development of the Company's self-developed engineering software for drilling and completion fluid; the Company executed the operation contracts on technical service projects such as cementing with muds and integrated service projects in Africa.

Marine Support Services Segment

In the first half of the year, revenue from the Company's marine support services business was RMB1,724.9 million, representing an increase of RMB189.0 million or 12.3% compared with RMB1,535.9 million for the same period of last year. Of which, RMB1,066.8 million was revenue from self-owned vessels.

In the first half of 2022, the Company gave play to its strengths of providing cooperative support for operation waters, managed resources in a scientific manner, optimized market strategies and took effective measures to control the social vessel resources so as to ensure the availability of vessels in an all-around way. In the process of development and production, the Company tapped the potential of energy saving and consumption reduction in production management, actively developed and innovated green energy-saving technologies, and executed the refinement production management. As of the date of this announcement, a total of 12 LNG powered standby supply vessels were delivered.

As of 30 June 2022, the Company operated and managed a total of over 160 vessels, including AHTS vessels, platform supply vessels and standby vessels. The operating days amounted to 26,251, representing an increase of 2,099 days compared with the same period of last year. The calendar day utilisation rate increased by 0.8 percentage point to 91.5% compared with the same period of last year. In addition to slight decrease in the operation volume of standby vessels and workover support barges, both the utilisation rate and the operation volume of other main business lines increased. Details are in the following table:

	For the six months ended 30 June		
Marine Support Services	**2022**	2021	Percentage change
Operating days (day)	**26,251**	24,152	8.7%
Standby vessels	**5,595**	6,258	(10.6%)
AHTS vessels	**10,801**	9,283	16.4%
Platform supply vessels	**7,836**	6,812	15.0%
Multipurpose vessels	**1,502**	1,256	19.6%
Workover support barges	**517**	543	(4.8%)

Geophysical Acquisition and Surveying Services Segment

Revenue for the Company's geophysical acquisition and surveying services segment was RMB857.5 million for the first half of the year, representing an increase of RMB38.2 million or 4.7% compared with the same period of last year. It was mainly due to the increase in revenue from the multiclient data sale and surveying business during the period.

In the first half of 2022, under the continuous impact of overcapacity in geophysical industry, the utilization rate of geophysical vessels was at a low ebb worldwide. The Company took active measures to diminish the impact of decrease in the operation volume, distributed resources in a rational manner, fully improved the utilization of integrated functions of equipment, comprehensively implemented lean management, and continued to enhance the independent management capability of operation units. The OBN operating fleet, which is composed of "HYSY719" and "HYSY623", constantly set new output records for the Company's OBN operation of a single day. Sticking to the path of technology-driven development, the Company independently developed the "Haitu" integrated navigation system, and operated the "HQI Series" waterfowl ultra-deep water geophysical vessels with high precision and 12 cables officially according to the contract, realizing the scale and integrated industrial application of self-developed equipment. The operations of these systems have reached the international level, which effectively promoted to enhance the capabilities of independent research and development as well as manufacturing of seismic exploration and acquisition equipment. The first self-developed integral testing platform for marine seismic exploration node equipment in China started construction successfully. The digital package of self-developed "Haiyuan" seismic source system was successfully launched, which enabled the Company to have the batch production capacity of domestic digital package production line.

As of 30 June 2022, under the continuous impact of industrial overcapacity, the operation volume of the Company's 2D acquisition business was 1,353 km, a 37.2% decrease compared with the same period of last year. The 3D acquisition business's operation volume was 8,868 km^2, a 8.3% decrease compared with the same period of last year. Limited by the market demand, the operation volume of ocean bottom cable was 638 km^2, a 35.6% decrease compared with the same period of last year; new ocean bottom node business has been expanded continuously and the operation volume was 262 km^2, a 24.8% increase compared with the same period of last year. Details are as follows:

	For the six months ended 30 June		
Geophysical Acquisition and Surveying Services	**2022**	2021	Percentage change
2D acquisition (km)	**1,353**	2,156	(37.2%)
3D acquisition (km^2)	**8,868**	9,667	(8.3%)
of which: multiclient acquisition (km^2)	**0**	1,771	(100.0%)
Ocean bottom cable (km^2)	**638**	990	(35.6%)
Ocean bottom node (km^2)	**262**	210	24.8%

FINANCIAL REVIEW

1. Analysis of interim condensed consolidated statement of profit or loss

1.1 Revenue

In the first half of 2022, in light of the overall recovery in the industry, revenue of the Company increased by RMB2,472.6 million or 19.4% 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 2022:

Unit: RMB million	**For the six months ended 30 June**			
Business segment	**2022**	2021	Change	Percentage change
Drilling services	**5,055.1**	4,347.8	707.3	16.3%
Well services	**7,558.1**	6,020.0	1,538.1	25.5%
Marine support services	**1,724.9**	1,535.9	189.0	12.3%
Geophysical acquisition and surveying services	**857.5**	819.3	38.2	4.7%
Total	**15,195.6**	12,723.0	2,472.6	19.4%

Revenue generated from drilling services business increased by 16.3% over the same period of last year, which was mainly due to the increase in operation volume and utilization rate of drilling rigs during the period.

Revenue from well services business increased by 25.5% over the same period of last year, which was mainly due to the fact that the Company adhered to technology leadership and achieved remarkable market expansion results, therefore, operation volume of various businesses lines increased.

Revenue from marine support services business increased by 12.3% over the same period of last year, which was mainly due to the increase in overall operation volume of self-owned vessels and chartered vessels during the period.

Revenue of geophysical acquisition and surveying services business increased by 4.7% over the same period of last year, which was mainly due to the increase in multiclient data sale and surveying business.

1.2 Operating expenses

In the first half of 2022, the Company's operating expenses amounted to RMB14,128.6 million, representing an increase of RMB2,601.9 million or 22.6% from RMB11,526.7 million for the same period of last year.

The table below breaks down the Company's operating expenses for the first half of 2022:

Unit: RMB million	**For the six months ended 30 June**			
	2022	2021	Change	Percentage change
Depreciation of property, plant and equipment and amortization of intangible assets and multiclient library	**2,281.9**	2,236.8	45.1	2.0%
Depreciation of right-of-use assets	**177.6**	148.1	29.5	19.9%
Employee compensation costs	**2,891.6**	2,475.5	416.1	16.8%
Repair and maintenance costs	**174.0**	171.1	2.9	1.7%
Consumption of supplies, materials, fuel, services and others	**3,808.2**	2,886.0	922.2	32.0%
Subcontracting expenses	**3,520.7**	2,279.6	1,241.1	54.4%
Lease expenses	**739.9**	727.1	12.8	1.8%
Impairment loss under expected credit losses model, net of reversal	**14.6**	2.5	12.1	484.0%
Other operating expenses	**520.1**	600.0	(79.9)	(13.3%)
Total operating expenses	**14,128.6**	11,526.7	2,601.9	22.6%

Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library for the period increased by RMB45.1 million compared with the same period of last year.

Depreciation of right-of-use assets for the period increased by RMB29.5 million or 19.9% compared with the same period of last year, mainly due to the increase in lease contracts measured by right-of-use assets for the period.

Employee compensation costs for the period increased by RMB416.1 million compared with the same period of last year, mainly due to the increase in operation volume and resumed operation of drilling rigs.

Repair and maintenance costs for the period increased by RMB2.9 million compared with the same period of last year, which was basically consistent with the same period of last year.

Consumption of supplies, materials, fuel, services and others for the period increased by RMB922.2 million or 32.0% compared with the same period of last year, mainly due to the increase in operation volume and the increase in price of raw materials.

Subcontracting expenses for the period increased by RMB1,241.1 million or 54.4% 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 operation and personnel subcontracting input of the Company.

Lease expenses for the period increased by RMB12.8 million or 1.8% compared with the same period of last year, mainly due to the renewal of the lease contract for the period.

Other operating expenses for the period amounted to RMB520.1 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, weather guarantee fees, consulting fees, audit fees and so on, representing a decrease of RMB79.9 million compared with the same period of last year, mainly due to the fact that travel expenses for the period amounted to RMB27.8 million, representing a decrease of RMB129.7 million compared with the same period of last year, while other items increased or decreased. Among which, health, safety and environmental protection expenses amounted to RMB141.6 million, transfer fees for technology amounted to RMB65.5 million, pandemic prevention fees amounted to RMB62.6 million, business trip expenses amounted to RMB46.3 million and other consulting fees, audit fees, office expenses and so on amounted to RMB176.3 million in total.

In the same period of 2021, other operating expenses amounted to RMB600.0 million, which mainly included more than 30 cost items including travel expenses, business trip expense, office expenses, expenses for library materials, health, safety and environmental protection expenses, weather guarantee fees, consulting fees, audit fees and so on, of which travel expenses amounted to RMB157.5 million, health, safety and environmental protection expenses amounted to RMB108.3 million, transfer fees for technology research amounted to RMB61.3 million, business trip expenses amounted to RMB39.8 million. Other office expenses, consulting fees, audit fees and so on, amounted to RMB233.1 million in total.

The table below shows operating expenses for business segment in the first half of 2022:

Unit: RMB million	For the six months ended 30 June			
Business segment	**2022**	2021	Change	Percentage change
Drilling services	**5,056.6**	4,358.3	698.3	16.0%
Well services	**6,367.5**	4,827.0	1,540.5	31.9%
Marine support services	**1,691.6**	1,355.2	336.4	24.8%
Geophysical acquisition and surveying services	**1,012.9**	986.2	26.7	2.7%
Total	**14,128.6**	11,526.7	2,601.9	22.6%

1.3 *Profit from operations*

The Company's profit from operations in the first half of 2022 amounted to RMB1,268.1 million, representing a decrease of RMB86.4 million as compared with RMB1,354.5 million for the same period of last year. The profit/(loss) from operations for each segment is shown in the table below:

Unit: RMB million	For the six months ended 30 June			
Business segment	**2022**	2021	Change	Percentage change
Drilling services	**52.8**	25.5	27.3	107.1%
Well services	**1,290.8**	1,284.0	6.8	0.5%
Marine support services	**55.3**	198.8	(143.5)	(72.2%)
Geophysical acquisition and surveying services	**(130.8)**	(153.8)	23.0	(15.0%)
Total	**1,268.1**	1,354.5	(86.4)	(6.4%)

1.4 *Financial expenses, net*

In the first half of 2022, the Company's net financial expenses were RMB57.9 million, representing a decrease of RMB376.2 million compared with RMB434.1 million for the same period of last year. Of which, since net exchange gain or loss was affected by the significant fluctuation of exchange rate, exchange gain was RMB275.0 million in the current period, compared with exchange loss of RMB82.1 million in the same period of 2021, finance costs decreased by RMB38.2 million compared with the same period of last year, and interest income decreased by RMB19.2 million compared with the same period of last year.

1.5 Investment income

In the first half of 2022, the Company's investment income amounted to RMB4.0 million, representing a decrease of RMB19.5 million or 83.0% compared with RMB23.5 million for the same period of last year, mainly due to a decrease in investments in wealth management products during the period.

1.6 Other gains and losses, net

In the first half of 2022, net loss from disposal/retirement of assets and loss from lease modifications was RMB3.9 million, while the net loss from disposal/retirement of assets and loss from lease modifications for the same period of last year was RMB21.5 million.

1.7 Profit for the period

In the first half of 2022, the Company's profit for the period was RMB1,108.4 million, as compared with RMB808.5 million for the same period of last year.

1.8 Basic earnings per share

In the first half of 2022, the Company's basic earnings per share amounted to RMB23.11 cents, as compared with basic earnings per share of RMB16.80 cents for the same period of last year.

2. Analysis of interim condensed consolidated statement of financial position

As of 30 June 2022, total assets of the Company amounted to RMB73,738.4 million, representing an increase of RMB426.7 million or 0.6% as compared with RMB73,311.7 million at the end of 2021. Total liabilities were RMB35,252.2 million, representing an increase of RMB156.8 million or 0.4% as compared with RMB35,095.4 million at the end of 2021. Shareholders' equity was RMB38,486.1 million, representing an increase of RMB269.8 million or 0.7% as compared with RMB38,216.3 million at the end of 2021.

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

Item	30 June 2022	31 December 2021	Percentage change	Reason
Right-of-use assets	**1,275.6**	972.9	31.1%	Mainly due to the increase in lease contracts for the period.
Accounts receivable	**16,269.9**	10,511.7	54.8%	Mainly due to the significant increase in operation revenue for the period and increase in receivables as a result of the payment schedule of customers.
Financial assets at fair value through profit or loss (current assets)	**1,016.4**	5,703.7	(82.2%)	Mainly due to the redemption on maturity of monetary funds and floating rate investments in wealth management products.
Contract assets (current assets)	**48.9**	91.0	(46.3%)	Mainly due to transfer of certain contract assets to accounts receivable upon the approval from customers.
Contract costs (current assets)	**7.4**	26.5	(72.1%)	Mainly due to transfer of mobilisation costs for the period.
Other current assets	**277.7**	842.0	(67.0%)	Mainly due to recognition of monetary funds as trading financial assets for the period.
Pledged deposits	**6.8**	11.5	(40.9%)	Mainly due to the decrease in pledged deposits held at the end of the period.
Notes payable	**0.6**	54.2	(98.9%)	Mainly due to the maturity of some commercial acceptance notes.
Other current liabilities	**808.0**	494.4	63.4%	Mainly due to the increase in output value-added tax to be recognized.
Other non-current liabilities	**27.8**	51.9	(46.4%)	Mainly due to the performance reversal of the pending onerous contracts in the current period.

3. Analysis of interim consolidated statement of cash flows

At the beginning of 2022, the Company held cash and cash equivalents of RMB5,006.4 million. Net cash outflows from operating activities for the period amounted to RMB2,088.0 million. Net cash inflows from investing activities were RMB4,199.1 million. Net cash outflows from financing activities were RMB2,843.7 million. The impact of foreign exchange fluctuations on cash resulted in an increase of RMB180.9 million. As of 30 June 2022, the Company's cash and cash equivalents amounted to RMB4,454.7 million.

3.1 Cash flows from operating activities

As of 30 June 2022, the Company's net cash outflows from operating activities amounted to RMB2,088.0 million, as compared with the net cash outflows of RMB1,888.8 million for the same period of last year, mainly due to the increase in cash paid for purchase of goods and receipt of services for the period.

3.2 Cash flows from investing activities

As of 30 June 2022, net cash inflows from the Company's investing activities amounted to RMB4,199.1 million, representing an increase of RMB2,389.2 million in net cash inflows compared with the same period of last year, which was mainly due to the decrease of RMB2,503.4 million in the cash outflows paid for purchases of bank wealth management products, debt instrument and time deposits compared with the same period of last year, the decrease of RMB255.4 million in cash inflows received from the proceeds on disposal/maturity of floating rate investments in corporate wealth management products and monetary funds compared with the same period of last year and the total increase of RMB141.2 million in net cash inflows from other investing activities compared with the same period of last year.

3.3 Net cash flows from financing activities

As of 30 June 2022, the Company's net cash outflows from financing activities amounted to RMB2,843.7 million, representing an increase of RMB1,504.4 million in net cash outflows compared with the same period of last year. Among which, cash outflows from the repayment of long-term bonds for the period increased by RMB1,500.0 million compared with the same period of last year; and cash outflows from other financing activities increased by RMB4.4 million in total compared with the same period of last year.

3.4 The impact of foreign exchange rate changes on cash during the period resulted in an increase of RMB180.9 million.

4. Capital Expenditure

In the first half of 2022, the Company's capital expenditure was RMB1,262.7 million, representing an increase of RMB135.8 million or 12.1% compared with RMB1,126.9 million for the same period of last year.

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

Unit: RMB million	**For the six months ended 30 June**			
Business segment	**2022**	2021	Change	Percentage change
Drilling services	**617.2**	302.6	314.6	104.0%
Well services	**457.2**	599.6	(142.4)	(23.7%)
Marine support services	**103.4**	128.8	(25.4)	(19.7%)
Geophysical acquisition and surveying services	**84.9**	95.9	(11.0)	(11.5%)
Total	**1,262.7**	1,126.9	135.8	12.1%

The capital expenditure of the drilling services segment was mainly used for the transformation and renovation of drilling rig equipment. The capital expenditure of the well services segment was mainly used for the construction and purchase of relevant well services equipment relating to such business segment. The capital expenditure of the marine support services segment was mainly used for the construction of standly vessels. The capital expenditure of the geophysical acquisition and surveying services segment was mainly used for the purchase of operation equipment.

5. Major Subsidiaries

China Oilfield Services (BVI) Limited, COSL Hong Kong International Limited, COSL Norwegian AS ("CNA"), COSL Singapore Limited are major subsidiaries of the Company mainly engaged in drilling and well services and related business.

As of 30 June 2022, China Oilfield Services (BVI) Limited's total assets amounted to RMB4,342.2 million and equity was RMB1,062.9 million. China Oilfield Services (BVI) Limited realised revenue of RMB1,379.4 million in the first half of 2022, representing an increase of RMB425.6 million compared with the same period of last year. The increase in revenue was mainly resulted from increase in operation volume due to breakthroughs in overseas markets. Net profit amounted to RMB124.2 million, representing an increase of RMB20.4 million compared with the same period of last year.

As of 30 June 2022, COSL Hong Kong International Limited's total assets amounted to RMB7,148.8 million and equity was RMB7,148.8 million. COSL Hong Kong International Limited realised revenue of RMB33,400 in the first half of 2022, representing an increase of RMB16,700 compared with the same period of last year. Net profit amounted to RMB33,400, representing an increase of RMB32,900 compared with the same period of last year.

As of 30 June 2022, CNA's total assets amounted to RMB7,334.5 million and equity was RMB-4,180.3 million. CNA realised revenue of RMB219.9 million in the first half of 2022, representing a decrease of RMB179.6 million or 45.0% compared with the same period of last year. Net profit amounted to RMB-367.7 million and net profit in the same period of last year was RMB-293.7 million, which was mainly due to the fact that the utilization rate and the operating price of certain drilling rigs have not yet recovered to a normal level due to slow recovery of drilling market in Europe.

As of 30 June 2022, the total assets of COSL Singapore Limited amounted to RMB23,945.6 million and equity was RMB-2,840.8 million. COSL Singapore Limited realized revenue of RMB726.8 million in the first half of 2022, representing an increase of RMB16.7 million or 2.4% as compared with last year. The net profit amounted to RMB-289.0 million, representing a decrease in loss of RMB62.1 million compared with the same period of last year. COSL DRILLING STRIKE PTE. LTD. and COSL PROSPECTOR PTE. LTD. are major drilling rig subsidiaries of COSL Singapore Limited.

As of 30 June 2022, the total assets of COSL DRILLING STRIKE PTE. LTD. amounted to RMB3,869.0 million and equity was RMB-3,141.7 million. COSL DRILLING STRIKE PTE. LTD. realised revenue of RMB145.4 million in the first half of 2022, representing an increase of RMB53.7 million or 58.6% compared with the same period of last year. Net profit amounted to RMB-78.2 million, representing a decrease in loss of RMB58.9 million compared with the same period of last year.

As of 30 June 2022, the total assets of COSL PROSPECTOR PTE. LTD. amounted to RMB7,400.3 million and equity was RMB-5,704.2 million. COSL PROSPECTOR PTE. LTD. realised revenue of RMB230.5 million in the first half of 2022, representing an increase of RMB21.7 million compared with the same period of last year. Net profit amounted to RMB-188.7 million, representing a decrease in loss of RMB70.9 million compared with the same period of last year.

PROSPECTS

The "World Economic Outlook Report" released by the International Monetary Fund (IMF) in July forecasts that the global economy is expected to grow by 3.2% and Chinese economy by 3.3% in 2022. As it's difficult to ease the shortage of oil supply caused by the geopolitical conflict, the risk of supply interruption still exists and the strained relation between oil supply and demand is likely to remain. The international oil prices are expected to remain high on the whole in the second half of this year. Because of high oil prices and increase in oil and gas production, the global investment scale of upstream exploration and development will be significantly expanded as a whole, and demands of oilfield service market will continue to recover. Moreover, as driven by the national "Seven-Year Action Plan" from improving reserves and production, the domestic market demand for oilfield services will increase. In the first half of the year, the workload of the Company was obviously higher than that of the same period of last year. At the same time, the Company will gain more market opportunities thanks to the operation of new equipment, the application of new technologies and the promotion of integrated projects.

In the second half of the year, the Company will continue to implement the five development strategies, comprehensively enhance its technological research and development capabilities, and strive to make a breakthrough in and promote achievement transformation of key and core technologies to a new level. Moreover, the Company will promote the establishment of "strategic partners", implement its safety responsibilities, realize its "carbon emission peak and carbon neutrality" target, and cultivate new development momentum, further reduce overall costs, enhance service capabilities and service efficiency. At the same time, the Company will keep abreast on the development of the global economy, international oil prices, investment in upstream exploration and development as well as oilfield service market, and it will formulate targeted measures in accordance with the development trends of the industry.

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 2022 have been reviewed by the audit committee, which have also 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 HKICPA.

Corporate Governance Code

During the six months ended 30 June 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 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 helps to meet the Company's overall 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 Board Committees and Senior Management. The Board believes that the current structure does not reduce the balances of power and authorization, and allows the Company to make timely and effective decisions and implementations.

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 2022, complied with the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter "Model Code") as set out in Appendix 10 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 2022.

PROGRESS OF BUSINESS PLAN

In the first half of 2022, the demand of oilfield service market continued to recover, and the market activity of the major segments of oilfield services improved to varying degrees. The workload of the major segments of the Company was higher than that of the same period of last year, and in the first half of the year, the Company achieved the revenue of RMB15.20 billion, with a net profit of RMB1.11 billion. In the first half of the year, the Company continued to reduce costs, improve quality and efficiency, strengthen strategic cooperation, optimize industrial structure, and lean cost management, so as to effectively relieve the cost increase of bulk commodities and other resources caused by global inflation. Considering that the current oil price remains high, it is expected that the upstream investment will continue to increase in the second half of the year, and the opportunities in the oilfield service market will increase. The Company will promote and apply new technologies to help increase the market share of the technology segment. The Company will adhere to the technology-driven strategic leadership, build core competitive advantages, and at the same time, reshape the Company's cost advantages, form competitive strength, seize the market opportunity interval, increase the allocation of equipment resources, and improve the operation quality of large-scale equipment, so as to strive to achieve better operation performance throughout the year.

CHARGES ON ASSETS

As at 30 June 2022, 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 its annual report for the year ended 31 December 2021, other than those disclosed in this results announcement.

DISCLOSURE OF INFORMATION ON THE HKSE'S WEBSITE

All information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the HKSE's website (https://www.hkex.com.hk) and the Company's website (https://www.cosl.com.cn) in due course.

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

25 August 2022

As at the date of this announcement, the executive directors of the Company are Messrs. Zhao Shunqiang (Chairman) and Yu Feng; the non-executive directors of the Company are Messrs. Wu Wenlai and Liu Zongzhao; and the independent non-executive directors of the Company are Ms. Chiu Lai Kuen, Susanna, Messrs. Kwok Lam Kwong, Larry and Yao Xin.