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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

1. Revenue was RMB48,218.1 million
2. Profit from operations was RMB5,047.6 million
3. Profit for the year was RMB3,399.1 million
4. Basic earnings per share were RMB65.74 cents
5. Total assets were RMB82,947.7 million
6. Total equity was RMB44,424.5 million

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	*4*	**48,301,581**	44,108,616
Sales surtaxes		**(83,484)**	(66,375)
Revenue, net of sales surtaxes		**48,218,097**	44,042,241
Other income	*5*	**327,137**	309,718
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library		**(5,789,357)**	(5,195,328)
Depreciation of right-of-use assets		**(545,335)**	(415,317)
Employee compensation costs	*6*	**(8,391,877)**	(8,201,983)
Repair and maintenance costs		**(862,963)**	(601,614)
Consumption of supplies, materials, fuel, services and others		**(11,017,633)**	(10,101,768)
Subcontracting expenses		**(12,970,477)**	(11,420,862)
Lease expenses	*6*	**(2,117,417)**	(2,147,453)
Other operating expenses		**(1,808,651)**	(1,355,818)
Impairment of property, plant and equipment	*10*	**–**	–
Reversal/(recognition) of impairment losses under expected credit loss model, net of reversal		**6,090**	(56,579)
Total operating expenses		**(43,497,620)**	(39,496,722)
PROFIT FROM OPERATIONS		**5,047,614**	4,855,237
Exchange gains/(losses), net	*6*	**42,540**	(37,143)
Finance costs		**(785,137)**	(996,796)
Interest income		**118,415**	181,132
Investment income	*6*	**1,298**	14,953
Gains arising from financial assets at fair value through profit or loss	*6*	**43,101**	71,135
Share of profits of an associate and joint ventures, net of tax		**218,686**	178,309
Other gains and losses, net	*6*	**(19,178)**	(23,959)
PROFIT BEFORE TAX	*6*	**4,667,339**	4,242,868
Income tax expense	*7*	**(1,268,236)**	(960,240)
PROFIT FOR THE YEAR		**3,399,103**	3,282,628
Attributable to:			
Owners of the Company		**3,136,992**	3,013,255
Non-controlling interests		**262,111**	269,373
		3,399,103	3,282,628
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (RMB)	*9*	**65.74 cents**	63.15 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**3,399,103**	3,282,628
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	**(13,314)**	13,264
Income tax effect	**(20,041)**	(22,783)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(33,355)**	(9,519)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,365,748**	3,273,109
Attributable to:		
Owners of the Company	**3,100,053**	3,000,023
Non-controlling interests	**265,695**	273,086
	3,365,748	3,273,109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**50,459,844**	48,928,386
Right-of-use assets		**1,447,774**	1,301,420
Goodwill	11	**–**	–
Other intangible assets		**210,865**	155,710
Multiclient library		**72,082**	131,804
Investments in an associate and joint ventures		**1,194,040**	1,064,203
Contract costs		**630,094**	919,172
Financial assets at fair value through profit or loss		**–**	–
Other non-current assets		**238,234**	415,926
Deferred tax assets	15	**28,543**	59,111
Total non-current assets		**54,281,476**	52,975,732
CURRENT ASSETS			
Inventories		**2,154,270**	2,339,628
Prepayments, deposits and other receivables		**285,816**	202,770
Accounts receivable	12	**14,062,653**	14,125,168
Notes receivable		**50,987**	115,940
Receivables at fair value through other comprehensive income		**156,397**	351,950
Financial assets at fair value through profit or loss		**5,500,549**	4,501,296
Contract assets		**70,917**	53,700
Contract costs		**142,224**	30,550
Other current assets		**268,244**	333,864
Pledged deposits	13	**8,119**	11,291
Time deposits	13	**542,239**	2,226,439
Cash and cash equivalents	13	**5,423,772**	5,977,506
Total current assets		**28,666,187**	30,270,102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
CURRENT LIABILITIES			
Trade and other payables	14	**16,419,654**	14,339,226
Notes payable		**–**	7,309
Salary and bonus payables		**936,994**	1,040,432
Tax payable		**453,825**	454,377
Loans from related parties	16	**2,515,940**	2,478,945
Interest-bearing bank borrowings	17	**18,267**	2,965,515
Long-term bonds	18	**7,327,272**	140,744
Lease liabilities		**468,144**	304,968
Contract liabilities		**1,046,520**	1,207,351
Other current liabilities		**416,303**	425,762
Total current liabilities		**29,602,919**	23,364,629
NET CURRENT (LIABILITIES)/ASSETS		**(936,732)**	6,905,473
TOTAL ASSETS LESS CURRENT LIABILITIES		**53,344,744**	59,881,205
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	**277,627**	387,709
Loans from related parties	16	**1,529,370**	2,648,996
Interest-bearing bank borrowings	17	**145,425**	157,396
Long-term bonds	18	**5,142,559**	12,182,776
Lease liabilities		**756,123**	742,220
Contract liabilities		**669,796**	1,292,800
Deferred income		**209,715**	186,332
Employee benefit liabilities		**23,925**	15,440
Other non-current liabilities		**165,668**	11,430
Total non-current liabilities		**8,920,208**	17,625,099
Net assets		**44,424,536**	42,256,106
EQUITY			
Equity attributable to owners of the Company			
Issued capital	19	**4,771,592**	4,771,592
Reserves		**39,025,570**	36,871,427
		43,797,162	41,643,019
Non-controlling interests		**627,374**	613,087
Total equity		**44,424,536**	42,256,106

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. GENERAL

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”) were 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 incorporated in the PRC. The registered address of CNOOC is No.25 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC.

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

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKSE (the “Listing Rules”) and by the disclosure requirements of the Hong Kong Companies Ordinance (“CO”).

As at 31 December 2024, the net current liabilities of the Group amounted to RMB936,732,000. The Directors have considered the availability of funding sources, including but not limited to unutilised banking facilities of RMB14,300,000,000 as at 31 December 2024. The Directors believe that the Group has sufficient working capital to continue as a going concern for not less than 12 months after the end of reporting period. Therefore, the Directors continue to prepare the Group’s consolidated financial statements for the year ended 31 December 2024 on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2 Issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual/reporting periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is organised into four business segments based on the internal structure and management strategy, which is also the basis of information reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purpose of making strategic decisions.

The four reportable and operating segments are set out as follows:

(a) the drilling services segment is engaged in the provision of oilfield drilling services;

(b) the well services segment is engaged in the provision of logging and downhole services, such as drilling fluids, directional drilling, cementing and well completion, the sale of well chemical materials and well workovers, and seismic data processing services;

(c) the marine support services segment is engaged in the transportation of materials, supplies and personnel to offshore facilities, moving and positioning drilling structures; and

(d) the geophysical acquisition and surveying services segment is engaged in the provision of offshore seismic data acquisition and marine surveying.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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 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, financial assets at FVTPL and deferred tax assets as these assets are managed on a group basis.

All liabilities are allocated to reportable segments other than loans from related parties, interest-bearing bank borrowings and long-term bonds (funds managed by the Finance Department), tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Year ended 31 December 2024	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	13,182,309	27,610,253	4,760,925	2,664,610	48,218,097
Sales surtaxes	24,640	45,098	8,187	5,559	83,484
Revenue, before net of sales surtaxes	13,206,949	27,655,351	4,769,112	2,670,169	48,301,581
Intersegment sales	375,050	61,266	175,011	7,194	618,521
Segment revenue	13,581,999	27,716,617	4,944,123	2,677,363	48,920,102
Eliminations	(375,050)	(61,266)	(175,011)	(7,194)	(618,521)
Group revenue	13,206,949	27,655,351	4,769,112	2,670,169	48,301,581
Segment results	356,942	4,602,931	106,617	180,632	5,247,122
Reconciliation:					
Exchange gains, net					42,540
Finance costs					(785,137)
Interest income					118,415
Investment income					1,298
Gains arising from financial assets at FVTPL					43,101
Profit before tax					4,667,339
Income tax expense					(1,268,236)
As at 31 December 2024					
Segment assets	39,870,666	23,121,771	5,730,568	5,886,599	74,609,604
Unallocated assets					8,338,059
Total assets					82,947,663
Segment liabilities	6,349,933	10,827,085	1,991,406	1,910,366	21,078,790
Unallocated liabilities					17,444,337
Total liabilities					38,523,127
Other segment information:					
Capital expenditure*	3,923,575	2,624,674	285,262	486,897	7,320,408
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library	2,744,614	1,831,525	744,914	468,304	5,789,357
Depreciation of right-of-use assets	248,329	209,645	67,283	20,078	545,335
Recognition/(reversal) of impairment of accounts receivable	3,726	(886)	(8,377)	570	(4,967)
Reversal of impairment of other receivables	(249)	(665)	(143)	(66)	(1,123)
Reversal of impairment of inventories, net	(5,088)	(10,655)	(1,837)	(1,029)	(18,609)
Share of profits of an associate and joint ventures, net of tax	–	141,270	–	77,416	218,686
Investments in an associate and joint ventures	–	764,729	–	429,311	1,194,040

Year ended 31 December 2023	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	12,051,135	25,717,532	3,938,827	2,334,747	44,042,241
Sales surtaxes	16,421	39,438	5,930	4,586	66,375
Revenue, before net of sales surtaxes	12,067,556	25,756,970	3,944,757	2,339,333	44,108,616
Intersegment sales	303,606	44,491	292,532	9,598	650,227
Segment revenue	12,371,162	25,801,461	4,237,289	2,348,931	44,758,843
Eliminations	(303,606)	(44,491)	(292,532)	(9,598)	(650,227)
Group revenue	12,067,556	25,756,970	3,944,757	2,339,333	44,108,616
Segment results	741,015	4,137,193	38,564	92,815	5,009,587
Reconciliation:					
Exchange losses, net					(37,143)
Finance costs					(996,796)
Interest income					181,132
Investment income					14,953
Gains arising from financial assets at FVTPL					71,135
Profit before tax					4,242,868
Income tax expense					(960,240)
As at 31 December 2023					
Segment assets	39,644,136	22,216,241	6,817,305	4,738,054	73,415,736
Unallocated assets					9,830,098
Total assets					83,245,834
Segment liabilities	6,308,672	10,752,214	1,181,131	1,343,148	19,585,165
Unallocated liabilities					21,404,563
Total liabilities					40,989,728
Other segment information:					
Capital expenditure*	6,167,001	2,781,574	311,942	485,496	9,746,013
Depreciation of property, plant and equipment and amortisation of other intangible assets and multiclient library	2,546,153	1,354,739	788,717	505,719	5,195,328
Depreciation of right-of-use assets	216,965	119,061	52,711	26,580	415,317
Provision of impairment of accounts receivable	34,376	17,027	2,841	1,652	55,896
Provision of impairment of other receivables	165	400	74	44	683
Provision of impairment of inventories, net	2,749	5,869	899	533	10,050
Share of profits of an associate and joint ventures, net of tax	–	109,108	–	69,201	178,309
Investments in an associate and joint ventures	–	694,550	–	369,653	1,064,203

* The capital expenditure includes the addition of property, plant and equipment, multiclient library and other intangible assets.

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. Information about the Group's non-current assets is presented based on the geographical location of the assets.

The following table presents revenue and non-current assets (excluding goodwill, investments in an associate and joint ventures, financial assets and deferred tax assets) information for the Group's geographical areas for the years ended 31 December 2024 and 2023.

Year ended/as at 31 December 2024	**Domestic** *RMB'000*	**International** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Sales to external customers	**37,416,988**	**10,884,593**	**48,301,581**
Less: Sales surtaxes	**(83,484)**	**–**	**(83,484)**
Revenue, net of sales surtaxes	**37,333,504**	**10,884,593**	**48,218,097**
Non-current assets	**39,013,467**	**14,045,426**	**53,058,893**

Year ended/as at 31 December 2023	Domestic *RMB'000*	International *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	34,638,330	9,470,286	44,108,616
Less: Sales surtaxes	(66,375)	–	(66,375)
Revenue, net of sales surtaxes	34,571,955	9,470,286	44,042,241
Non-current assets	36,898,603	14,953,815	51,852,418

Information about a major customer

Revenue from transactions with a major customer, CNOOC Limited and its subsidiaries (the "CNOOC Limited Group"), including sales to a group of entities which are known to be under common control of CNOOC Limited, accounted for 77% (2023: 81%) of the total sales of the Group for the year ended 31 December 2024.

4. REVENUE

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**46,975,287**	42,754,386
Revenue arising from operating leases	**1,326,294**	1,354,230
Total	**48,301,581**	44,108,616

(A) Disaggregation of revenue from contracts with customers, before net of sales surtaxes for the years ended 31 December 2024 and 2023

	For the year ended 31 December 2024				
Segments	**Drilling services**	**Well services**	**Marine support services**	**Geophysical acquisition and surveying services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Geographical markets					
Domestic	**8,031,683**	**22,932,227**	**4,504,873**	**1,754,568**	**37,223,351**
International	**4,008,768**	**4,645,648**	**181,919**	**915,601**	**9,751,936**
Total	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**
Timing of revenue recognition					
At a point of time	**–**	**399,542**	**–**	**4,987**	**404,529**
Over time	**12,040,451**	**27,178,333**	**4,686,792**	**2,665,182**	**46,570,758**
Total	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**
Type of customers					
CNOOC Limited Group	**7,613,716**	**23,692,096**	**4,269,336**	**1,625,822**	**37,200,970**
Others	**4,426,735**	**3,885,779**	**417,456**	**1,044,347**	**9,774,317**
Total	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**

Segments	For the year ended 31 December 2023 Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical acquisition and surveying services *RMB'000*	Total *RMB'000*
Geographical markets					
Domestic	7,827,504	20,816,682	3,673,437	2,061,757	34,379,380
International	3,069,132	4,756,978	271,320	277,576	8,375,006
Total	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386
Timing of revenue recognition					
At a point of time	–	172,633	–	–	172,633
Over time	10,896,636	25,401,027	3,944,757	2,339,333	42,581,753
Total	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386
Type of customers					
CNOOC Limited Group	8,311,575	21,897,095	3,411,480	1,939,479	35,559,629
Others	2,585,061	3,676,565	533,277	399,854	7,194,757
Total	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386

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

Segments	**For the year ended 31 December 2024** **Drilling services** ***RMB'000***	**Well services** ***RMB'000***	**Marine support services** ***RMB'000***	**Geophysical acquisition and surveying services** ***RMB'000***	**Revenue from contracts with customers** ***RMB'000***
Segment revenue	**13,581,999**	**27,716,617**	**4,944,123**	**2,677,363**	**48,920,102**
Less: Revenue arising from operating leases	**(1,166,498)**	**(77,476)**	**(82,320)**	**–**	**(1,326,294)**
Eliminations	**(375,050)**	**(61,266)**	**(175,011)**	**(7,194)**	**(618,521)**
Revenue from contracts with customers	**12,040,451**	**27,577,875**	**4,686,792**	**2,670,169**	**46,975,287**

Segments	Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical acquisition and surveying services *RMB'000*	Revenue from contracts with customers *RMB'000*
	For the year ended 31 December 2023				
Segment revenue	12,371,162	25,801,461	4,237,289	2,348,931	44,758,843
Less: Revenue arising from operating leases	(1,170,920)	(183,310)	–	–	(1,354,230)
Eliminations	(303,606)	(44,491)	(292,532)	(9,598)	(650,227)
Revenue from contracts with customers	10,896,636	25,573,660	3,944,757	2,339,333	42,754,386

(B) Performance obligations for contracts with customers

(i) Drilling Services

The activities that primarily drive the revenue earned in the Group's drilling contracts include (i) mobilising and demobilising the rig to and from the drill site, and (ii) performing drilling operation and other activities required for the contract. Consideration received for performing these activities may consist of payment for drilling on a day rate basis, mobilisation and demobilisation fees, and reimbursement. The Directors consider the activities required under the drilling contracts as a single performance obligation satisfied over time as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs.

(ii) Well Services

The activities that primarily drive the revenue earned in the Group's well service contracts include performing logging and downhole services, such as drilling fluids, directional drilling, cementing and well completion and other activities required for the contract. Consideration for the services may consist of payment for logging and downhole services. The Directors identify all distinct performance obligations in the contracts, and recognise revenue over time for most performance obligations as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs. For certain well services contracts for providing relevant materials and equipment to clients, the Directors consider the goods required under the relevant service contracts as a performance obligation satisfied at a point in time, and recognise revenue when control of the goods has transferred.

(iii) Marine Support Services

The activities that primarily drive the revenue earned in the Group's marine support contracts include performing transportation of supplies and personnel to offshore facilities, or moving and positioning drilling structures and other activities required for the contract. Consideration for the services may consist of payment for marine support service and reimbursement. The Directors identify all distinct performance obligations in the contracts, and recognise revenue over time for each of the performance obligations as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs.

(iv) Geophysical Acquisition and Surveying Services

The activities that primarily drive the revenue earned in the Group's geophysical acquisition and surveying contracts include performing seismic data acquisition and marine surveying. Consideration for the services may consist of payment for seismic data acquisition or marine surveying and reimbursement. The Directors identify all distinct performance obligations in the contracts, and recognise revenue over time for most performance obligations as the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs. For certain other distinct services required by part of geophysical acquisition and surveying services contracts, the Directors consider the goods and services required under the relevant services contract, as a performance obligation satisfied at a point of time, and recognise revenue when control of the goods and services has transferred.

(C) Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (performed or partially performed) as at 31 December 2024 and 2023 and the expected timing of recognising revenue are as follows:

	As at 31 December 2024				
	Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical acquisition and surveying services *RMB'000*	Total *RMB'000*
Within one year	502,049	496,672	–	–	998,721
In the second to fifth year, inclusive	969,741	533,983	–	–	1,503,724
Total	1,471,790	1,030,655	–	–	2,502,445

	As at 31 December 2023				
	Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical acquisition and surveying services *RMB'000*	Total *RMB'000*
Within one year	327,618	1,218,343	–	145,762	1,691,723
In the second to fifth year, inclusive	1,346,969	348,792	–	–	1,695,761
Total	1,674,587	1,567,135	–	145,762	3,387,484

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 and has recognised revenue in the amount to which the Group has a right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not included in the table above.

5. OTHER INCOME

	2024 *RMB'000*	2023 *RMB'000*
Insurance claims received	**95,938**	22,872
Government grants	**171,889**	59,322
Value added tax credit	**29,071**	211,879
Compensation income on breach of contracts	**13,708**	9,031
Others	**16,531**	6,614
Total	**327,137**	309,718

6. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Employee compensation costs		
(including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**5,920,944**	5,892,401
Social security costs	**2,015,637**	1,850,962
Retirement benefits and pensions	**455,296**	458,620
Total	**8,391,877**	8,201,983
Auditor's remuneration	**19,963**	15,205
Other gains and losses, net		
Gains arising from lease modifications	**(70)**	(13,301)
Losses on disposal of property, plant and equipment, net	**19,248**	37,260
Total	**19,178**	23,959
Lease expenses in respect of land and buildings, berths and equipment *(a)*	**2,117,417**	2,147,453
(Reversal)/recognition of impairment of inventories, net	**(18,609)**	10,050
(Reversal)/recognition of impairment of accounts receivable, net	**(4,967)**	55,896
(Reversal)/recognition of impairment of other receivables, net	**(1,123)**	683
Exchange (gains)/losses, net	**(42,540)**	37,143
Income from investments in corporate wealth management products, monetary funds and debt instrument	**(1,298)**	(14,953)
Gains arising from financial assets at FVTPL	**(43,101)**	(71,135)
Cost of inventories recognised as expense	**7,520,938**	7,016,268
Research and development costs, included in:		
Depreciation of property, plant and equipment	**328,711**	286,975
Employee compensation costs	**553,248**	570,208
Consumption of supplies, materials, fuel, services and others	**502,985**	396,758
Total	**1,384,944**	1,253,941

(a) Lease expenses represent short-term lease 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 December 2023, the corporate income tax rate of the Company is 15% for the years from 2023 to 2025.

According to the HNTE certificate renewed by the Group's subsidiary Tianjin Eco-friendly Technology Co., Ltd. ("Eco-friendly Technology") in December 2023, the CIT rate of Eco-friendly Technology is 15% for the years from 2023 to 2025. According to "The Implementation Regulations of the CIT Law of the People's Republic of China" and "The Preferential Catalogue of Corporate Income Tax for Environmental Protection, Energy Saving and Water Saving Projects Enterprises (2021 Edition)" ([2021] No.36 issued by the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Ecology and Environment), the environmental protection projects of Eco-friendly Technology are entitled to a tax holiday of a 3-year full exemption from 2023 to 2025 followed by a 3-year 50% exemption from 2026 to 2028 commencing from their respective first operating income generating year.

According to the HNTE certificate renewed by the Group's subsidiary COSL Deepwater Technology Co. Ltd. in December 2022, the CIT rate of COSL Deepwater Technology Co. Ltd. is 15% for the years from 2022 to 2024.

According to the HNTE certificate renewed by the Group's subsidiary China France Bohai Geoservices Co., Ltd. in December 2024, the CIT rate of China France Bohai Geoservices Co., Ltd. is 15% for the years from 2024 to 2026.

According to the HNTE certificate obtained by the Group's subsidiary China Nanhai--Magcobar Mud Corporation Ltd. ("Magcobar") in December 2023, the CIT rate of Magcobar is 15% for the years from 2023 to 2025.

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

Countries and regions	2024	2023
Indonesia	**22%**	22%
Mexico	**30%**	30%
Norway	**22%**	22%
The United Kingdom	**25%**	19% (January-March 2023) 25% (April-December 2023)
Iraq	**Withholding tax based on 7% of revenue generated in Iraq**	Withholding tax based on 7% of revenue generated in Iraq
United Arab Emirates	**9%**	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 rates of 8%**	Net federal corporate income tax of 15% and provincial income tax rates of 8%
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:

	2024 ***RMB'000***	2023 *RMB'000*
Current tax	**1,347,545**	849,546
Deferred tax	**(79,309)**	110,694
Total tax charge for the year	**1,268,236**	960,240

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

	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**4,667,339**		4,242,868	
Tax at the statutory tax rate of 25% (2023: 25%)	**1,166,835**	**25.0**	1,060,717	25.0
Tax effect as an HNTE with tax incentives	**(497,249)**	**(10.7)**	(452,192)	(10.7)
Income not subject to tax	**(3,124)**	**(0.1)**	(19,298)	(0.5)
Profits attribute to an associate and joint ventures	**(54,672)**	**(1.2)**	(44,577)	(1.0)
Expense not deductible for tax	**271,112**	**5.8**	186,214	4.4
Tax benefit for qualifying research and development expenses	**(151,161)**	**(3.2)**	(201,556)	(4.8)
Effect of different tax rates for overseas subsidiaries	**435,772**	**9.3**	336,773	8.0
Effect of different tax rates applied to the period of reversal of the temporary differences	**14,729**	**0.3**	(7,218)	(0.2)
Tax effect of tax losses and deductible temporary differences unrecognised	**68,523**	**1.5**	38,842	0.9
Tax losses utilised from previous periods	**(10,773)**	**(0.2)**	(10,722)	(0.3)
Tax effect on translation adjustment *(Note)*	**(10,372)**	**(0.2)**	(1,976)	–
Under provision in respect of prior year	**34,846**	**0.7**	70,022	1.7
Others	**3,770**	**0.2**	5,211	0.1
Total tax charge at the Group's effective tax rate	**1,268,236**	**27.2**	960,240	22.6

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

The share of tax attributable to an associate and joint ventures amounting to approximately RMB39,858,000 (2023: RMB36,952,000) is included in "Share of profits of an associate and joint ventures" in the consolidated statement of profit or loss.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.

8. DIVIDENDS

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.2306 per ordinary share (2023: RMB0.21 per ordinary share)	**1,100,329**	1,002,034

The Board of Directors of the Company recommended the payment of a proposed dividend for the year ended 31 December 2024 of RMB0.2306 per ordinary share (tax inclusive), in an aggregate amount of RMB1,100,329,115.20. The proposed dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year ended 31 December 2024, the dividend proposed in 2023 and paid to the shareholders of the Company was RMB0.21 per ordinary share, in an aggregate amount of RMB1,002,034,320 (2023: RMB763,454,720).

Cash dividends to shareholders in Hong Kong will be paid in Hong Kong dollars.

Under the PRC Company Law and the Company's articles of association, net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowance has been made for the following:

(i) making up prior years' cumulative losses, if any;

(ii) allocations to the statutory common reserve fund of at least 10% of after-tax profit, until the fund aggregates 50% of the Company's registered capital. For the purpose of calculating the transfer to the reserve, the profit after tax shall be the amount determined under the PRC accounting principles and financial regulations in the PRC. The transfer to this reserves must be made before any distribution of dividends to shareholders;

The statutory common reserve can be used to offset previous years' losses, if any, and part of the statutory common reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the registered capital of the Company;

(iii) allocations to the discretionary common reserve if approved by the shareholders. The discretionary common reserve can be used to offset prior years' losses, if any, and can be capitalised as the Company's share capital.

In accordance with the articles of association of the Company, the net profit after tax of the Company for the purpose of profit distribution will be deemed to be the lower of (i) the net profit determined in accordance with the accounting principles generally accepted in the PRC and financial regulations in the PRC and (ii) the net profit determined in accordance with HKFRSs.

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of the profit earned in 2008 and beyond. In respect of all shareholders whose names appear on the Company's register of members who are not individuals, which are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting the enterprise income tax at a rate of 10%.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2024 ***RMB'000***	2023 *RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share calculation (profit for the year attributable to owners of the Company)	**3,136,992**	3,013,255

	2024	2023
Number of shares		
Weighted average 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 years ended 31 December 2024 and 2023 as the Group had no dilutive potential ordinary shares outstanding during those years.

10. PROPERTY, PLANT AND EQUIPMENT

31 December 2024	Vessels	Drilling rigs	Machinery and equipment	Motor vehicles	Buildings	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024							
Cost	16,494,686	65,800,367	32,937,223	103,882	1,790,432	2,745,157	119,871,747
Accumulated depreciation and impairment	(10,254,560)	(38,174,194)	(22,051,226)	(71,906)	(391,065)	(410)	(70,943,361)
Carrying amount	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386
Carrying amount							
At 1 January 2024	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386
Additions	–	366,765	1,676,713	561	–	5,159,588	7,203,627
Depreciation provided	(675,480)	(1,726,553)	(3,188,449)	(7,029)	(74,743)	–	(5,672,254)
Disposals/write-offs	(489)	(31,804)	(110,930)	(433)	–	–	(143,656)
Transfers from/(to) construction in progress	–	2,332,632	2,067,903	9,299	–	(4,409,834)	–
Exchange realignment	2,818	100,402	32,918	–	2,901	4,702	143,741
At 31 December 2024	5,566,975	28,667,615	11,364,152	34,374	1,327,525	3,499,203	50,459,844
At 31 December 2024							
Cost	16,499,313	68,598,430	29,522,543	109,641	1,794,822	3,499,203	120,023,952
Accumulated depreciation and impairment	(10,932,338)	(39,930,815)	(18,158,391)	(75,267)	(467,297)	–	(69,564,108)
Carrying amount	5,566,975	28,667,615	11,364,152	34,374	1,327,525	3,499,203	50,459,844

31 December 2023	Vessels	Drilling rigs	Machinery and equipment	Motor vehicles	Buildings	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022 and 1 January 2023							
Cost	16,510,403	62,608,317	27,326,068	92,842	1,783,771	2,523,452	110,844,853
Accumulated depreciation and impairment	(9,503,824)	(37,210,481)	(19,596,314)	(72,174)	(313,460)	(410)	(66,696,663)
Carrying amount	7,006,579	25,397,836	7,729,754	20,668	1,470,311	2,523,042	44,148,190
Carrying amount							
At 1 January 2023	7,006,579	25,397,836	7,729,754	20,668	1,470,311	2,523,042	44,148,190
Additions	–	2,113,698	3,615,931	4,718	–	3,957,434	9,691,781
Depreciation provided	(752,212)	(1,558,359)	(2,668,144)	(4,484)	(76,185)	–	(5,059,384)
Disposals/write-offs	(1,811)	(33,618)	(83,026)	(528)	–	–	(118,983)
Transfers from/(to) construction in progress	9,966	1,448,344	2,274,610	11,602	1,757	(3,746,279)	–
Other reduction	(25,545)	–	–	–	–	–	(25,545)
Exchange realignment	3,149	258,272	16,872	–	3,484	10,550	292,327
At 31 December 2023	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386
At 31 December 2023							
Cost	16,494,686	65,800,367	32,937,223	103,882	1,790,432	2,745,157	119,871,747
Accumulated depreciation and impairment	(10,254,560)	(38,174,194)	(22,051,226)	(71,906)	(391,065)	(410)	(70,943,361)
Carrying amount	6,240,126	27,626,173	10,885,997	31,976	1,399,367	2,744,747	48,928,386

During the year ended 31 December 2024, no interest was capitalised in property, plant and equipment (2023: Nil).

Impairment of property, plant and equipment

The day rates and utilisation rates of the Group's several large-scale equipment are still affected by the volatile market demand, and there were impairment indicators for certain drilling rigs and vessels. As a result, management conducted impairment test on these assets. Management performed impairment assessment accordingly by determining the recoverable amount of the relevant cash-generating units or group of cash-generating units based on the fair value less cost of disposal according to appraisal report or the present value of expected future cash flows.

The fair value less costs of disposal is arrived at on the basis of valuation carried out by an independent property agent. The fair value of the relevant assets is determined based on a variety of valuation methods, including the market approach and income approach. The market approach is by reference to the value that would be received from selling the assets in an orderly transaction between market participants at the measurement date. The income approach is by reference to the projected discounted cash flows over the remaining economic life of the relevant assets. The above estimates of fair value requires the main inputs representative of a level 3 fair value measurement, including historical contracted sales prices for similar assets, estimated utilisation rates, service prices, cost level and capital requirements.

The present value of expected future cash flows for relevant cash-generating units is determined based on a five-year budget approved by management and an estimate of future market trends. The cash flow beyond the budget period is estimated based on the market trend and by reference to the relevant market trend report. The key assumptions and bases used to estimate the present value of future cash flows are as follows.

– Based on the assets' historical data, the Group's operational performance and future industry operational trends, the management of the Group has assessed the key assumptions for assets with impairment indicators, including the projected utilisation rate for drilling rigs and vessels at a range of approximately 62% to 97%, the estimated workload for geophysical vessels at a range of 220 to 360 square kilometers per year, the forecasted growth rate of day rate during the projection period at a range of approximately -23.16% to 80%, and the stabilized growth rate of day rate at a range of approximately 1% to 2%.

– The discount rate used is a long-term weighted-average cost of capital, which is based on management's best estimation of the investment returns that industry would require for the relevant assets. The pre-tax discount rates applied to the cash flow projections is in the range of 10.00%~17.49% (31 December 2023: 9.54%~14.37%).

As a result of the impairment assessment, the Group has not provided for impairment of property, plant and equipment for the year ended 31 December 2024 (2023:Nil).

11. GOODWILL

Goodwill was generated in the acquisition of COSL Holding AS in 2008 by the Group, which was combined into COSL Norwegian AS by merger during the year ended 31 December 2016 (collectively referred to as the "CNA"). The entire goodwill was fully impaired as at 31 December 2016.

	2024
	RMB'000
Cost	
At 1 January	**4,771,941**
Exchange realignment	**71,216**
At 31 December	**4,843,157**
Impairment	
At 1 January	**4,771,941**
Exchange realignment	**71,216**
At 31 December	**4,843,157**
Carrying amount	
At 31 December	**–**

12. ACCOUNTS RECEIVABLE

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Accounts receivable – goods and services	**17,112,580**	17,136,314
Less: Allowance for credit losses	**(3,049,927)**	(3,011,146)
Total	**14,062,653**	14,125,168

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

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Within one year	**13,933,366**	14,022,147
One to two years	**121,740**	84,805
Over two years	**7,547**	18,216
Total	**14,062,653**	14,125,168

As at 31 December 2024, included in the Group's accounts receivable balance are debtors with an aggregate carrying amount of RMB129,287,000 (31 December 2023: RMB103,021,000) which were past due as at the reporting date. Out of the past due balances, RMB18,156,000 (31 December 2023: RMB615,000) is not considered in default based on past experience, the Directors are of the opinion that no further provision for impairment is necessary in respect of these balances which are considered fully recoverable after taking into consideration the customer's credit quality, historical behaviour of payments and prevailing market conditions. The Group does not hold any collateral or other credit enhancements over these past-due balances.

As at 31 December 2024, the carrying amount of accounts receivable for which the Group assessed expected credit losses individually was RMB16,432,000,000 (31 December 2023: RMB16,438,077,000), the amount of credit losses provided was RMB2,988,513,000 (31 December 2023: RMB2,926,762,000), and the net amount of accounts receivable was RMB13,443,487,000 (31 December 2023: RMB13,511,315,000). The carrying amount of accounts receivable for which the Group assessed expected credit losses based on shared credit risk characteristics was RMB680,580,000 (31 December 2023: RMB698,237,000), the amount of credit losses provided was RMB61,414,000 (31 December 2023: RMB84,384,000), and the net amount of accounts receivable was RMB619,166,000 (31 December 2023: RMB613,853,000).

13. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Cash and balances with banks	**4,174,160**	6,433,541
Deposits with CNOOC Finance Corporation Limited ("CNOOC Finance")	**1,799,970**	1,781,695
Cash and balances with banks and financial institutions	**5,974,130**	8,215,236
Less:		
Pledged deposits	**(8,119)**	(11,291)
Time deposits	**(542,239)**	(2,226,439)
Cash and cash equivalents	**5,423,772**	5,977,506

At 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB4,453,632,000 (31 December 2023: RMB4,649,433,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest based on daily bank deposit rates. The bank balances, pledged deposits and time deposits are deposited with creditworthy banks with no recent history of default.

14. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Trade payables	**15,415,201**	13,254,205
Other payables	**1,004,453**	1,085,021
Total	**16,419,654**	14,339,226

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

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Outstanding balances aged:		
Within one year	**15,295,921**	12,701,339
One to two years	**76,004**	505,566
Two to three years	**13,270**	12,472
Over three years	**30,006**	34,828
Total	**15,415,201**	13,254,205

The trade payables are non-interest bearing and are normally settled on 90-day terms.

15. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Deferred tax assets	**28,543**	59,111
Deferred tax liabilities	**(277,627)**	(387,709)
Total	**(249,084)**	(328,598)

The followings are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Balance at 31 December 2023 *RMB'000*	**Recognised in profit or loss** *RMB'000*	**Exchange realignment** *RMB'000*	**Balance at 31 December 2024** *RMB'000*
Deferred tax assets:				
Provision for staff bonuses	**25,624**	**6,813**	**126**	**32,563**
Impairment of assets	**74,413**	**(49,772)**	**199**	**24,840**
Accrued liabilities	**299,592**	**69,693**	**392**	**369,677**
Deductible tax losses	**64,079**	**(63,612)**	**449**	**916**
Lease liabilities	**198,749**	**4,878**	**844**	**204,471**
Others	**72,081**	**14,823**	**–**	**86,904**
Total	**734,538**	**(17,177)**	**2,010**	**719,371**
Deferred tax liabilities:				
Accelerated depreciation of property, plant and equipment	**71,258**	**(61,650)**	**458**	**10,066**
Investment in corporate wealth management products	**183**	**78**	**–**	**261**
Right-of-use assets	**177,611**	**7,527**	**691**	**185,829**
Full deduction of assets before tax	**767,592**	**(41,625)**	**–**	**725,967**
Fair value adjustment arising from acquisition of subsidiaries	**2,529**	**(955)**	**–**	**1,574**
Others	**43,963**	**139**	**656**	**44,758**
Total	**1,063,136**	**(96,486)**	**1,805**	**968,455**
Total	**328,598**	**(79,309)**	**(205)**	**249,084**

	Balance at 31 December 2022 RMB'000	Effect of adoption of amendments to HKAS 12 RMB'000	Balance at 1 January 2023 (Restated) RMB'000	Recognised in profit or loss RMB'000	Exchange realignment RMB'000	Balance at 31 December 2023 RMB'000
Deferred tax assets:						
Provision for staff bonuses	10,535	–	10,535	15,032	57	25,624
Impairment of assets	79,320	–	79,320	(5,370)	463	74,413
Accrued liabilities	299,141	–	299,141	391	60	299,592
Deductible tax losses	223,030	–	223,030	(158,956)	5	64,079
Lease liabilities	2	152,269	152,271	45,899	579	198,749
Others	69,808	–	69,808	2,134	139	72,081
Total	681,836	152,269	834,105	(100,870)	1,303	734,538
Deferred tax liabilities:						
Accelerated depreciation of property, plant and equipment	83,458	–	83,458	(20,438)	8,238	71,258
Investment in corporate wealth management products	851	–	851	(668)	–	183
Right-of-use assets	68,415	74,386	142,801	34,463	347	177,611
Full deduction of assets before tax	772,361	–	772,361	(4,769)	–	767,592
Fair value adjustment arising from acquisition of subsidiaries	4,324	–	4,324	(1,795)	–	2,529
Others	48,190	–	48,190	3,031	(7,258)	43,963
Total	977,599	74,386	1,051,985	9,824	1,327	1,063,136
Total	295,763	(77,883)	217,880	110,694	24	328,598

At 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of the Group's associate and joint ventures for which deferred tax liabilities have not been recognised was RMB2,000,900,000 (31 December 2023: RMB1,738,232,000). No liability has been recognised in respect of these differences as the investment company and those associate and joint ventures are all located in the PRC and the applicable tax rate of those associate and joint ventures was the same as or higher than the applicable tax rate of the investment company.

At 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB1,410,118,000 (31 December 2023: RMB1,198,893,000). No liability have been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At 31 December 2024, the Group's subsidiaries in Norway and Saudi Arabia had tax losses of RMB8,305,545,000 (31 December 2023: RMB7,996,337,000). The tax losses incurred by the Group's subsidiary in Norway can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The tax losses incurred by the Group's subsidiary in Saudi Arabia has no expiry date, but the deductible amount is limited to 25% of the adjusted taxable profit for the year. Deferred tax assets have not been recognised by the Group in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2024, the Group had deductible temporary differences of RMB4,369,494,000 (31 December 2023: RMB4,294,706,000). No deferred tax asset has been recognised by the Group in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which these deductible temporary differences can be utilised.

16. LOANS FROM RELATED PARTIES

	Notes	Effective interest rate per annum *(%)*	Year of maturity	**31 December 2024** ***RMB'000***	31 December 2023 *RMB'000*
Current	*(a)*	4	Revolving loan	**2,515,940**	2,478,945
Non-current	*(b)*	4	2027	**939,921**	937,460
Non-current	*(c)*	4	2027	**589,449**	588,226
Non-current	*(d)*	3M SOFR+0.5	2027	**–**	711,200
Non-current	*(e)*	1M SOFR+0.4	2028	**–**	412,110
Total				**1,529,370**	2,648,996
Unsecured loans from related parties				**4,045,310**	5,127,941

Notes:

(a) As at 31 December 2024, the Group borrowed a loan of US$350,000,000 from a fellow subsidiary Overseas Oil & Gas Corporation, Ltd. ("OOGC"). The loan is a revolving loan and applicable for extension of repayment, and carried interest at an effective interest rate of 4% per annum for the year ended 31 December 2024 (2023: 1M SOFR+0.5%). The proceeds were used to finance CNA's daily operations.

(b) At 15 August 2022, the Group borrowed a loan of US$132,000,000 from its ultimate holding company CNOOC. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 4% per annum (2023: 1M SOFR+0.4%). The proceeds were used to finance CNA's daily operations.

(c) At 17 August 2022, the Group borrowed a loan of US$82,000,000 from a fellow subsidiary OOGC. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 4% per annum (2023: 1M SOFR+0.4%). The proceeds were used to finance CNA's daily operations.

(d) At 11 August 2022, the Group borrowed a loan of US$100,000,000 from a fellow subsidiary CNOOC Insurance Limited. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 3M SOFR+0.5% per annum. The proceeds were used to finance COSL Middle East FZE's daily operations. The loan was early repaid in 2024.

(e) At 12 July 2023, the Group borrowed a loan of US$58,000,000 from China Ocean Oilfields Services (H.K.) Ltd. The loan from related party is due for a lump sum repayment at maturity, and carried interest at an effective interest rate of 1M SOFR+0.4% per annum. The proceeds were used to finance COSL Middle East FZE's daily operations. The loan was early repaid in 2024.

17. INTEREST-BEARING BANK BORROWINGS

	Notes	Contractual interest rate *(%)*	Year of maturity	**31 December 2024** ***RMB'000***	31 December 2023 *RMB'000*
China Development Bank – unsecured	*(a)*	1.08	2035	**163,692**	175,668
Bank of China (Hong Kong) Limited – secured	*(b)*	SOFR+0.55	Revolving loan	**–**	1,256,107
The Export-Import Bank of China – unsecured	*(c)*	2.20	2024	**–**	1,691,136
Total				**163,692**	3,122,911
Current				**18,267**	2,965,515
Non-current				**145,425**	157,396
Total				**163,692**	3,122,911

Notes:

(a) The Group borrowed a loan of RMB320,000,000 from a wholly-owned subsidiary of China Development Bank in December 2015. The loan was initially recognised at fair value measured by discounting future cash flows at the prevailing market interest. The repayments started from December 2018 over 36 instalments bi-annually. The effective interest rate for the year ended 31 December 2024 was 1.08% per annum.

(b) The Group borrowed a loan of US$400,000,000 from Bank of China (Hong Kong) Limited in August 2022. The loan is a revolving loan with an effective interest rate of SOFR+0.55%. The proceeds were used to finance COSL Middle East FZE's daily operations. The loan was fully repaid in 2024.

(c) The Group borrowed a loan of RMB1,690,000,000 from the Export-Import Bank of China in October 2023. The loan is a short-term loan with an effective interest rate of 2.20%. The proceeds were used for the purchase of the Group's certain drilling equipment. The loan was fully repaid in 2024.

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Bank borrowings repayable:		
With in one year	**18,267**	2,965,515
In the second year	**6,931**	6,131
In the third to fifth year, inclusive	**40,970**	39,618
Beyond five years	**97,524**	111,647
Total	**163,692**	3,122,911

18. LONG-TERM BONDS

	Year of maturity	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
2016 Corporate bonds (Type II of the First Tranche Issue as defined below) *(Note (a))*	2026	**3,072,863**	3,072,443
Guaranteed medium-term notes			
Second Drawdown Note *(Note (b))*	2025	**3,660,694**	3,603,447
Guaranteed senior notes			
2025 Notes *(Note (c))*	2025	**3,593,120**	3,538,189
2030 Notes *(Note (c))*	2030	**2,143,154**	2,109,441
Total		**12,469,831**	12,323,520
Current		**7,327,272**	140,744
Non-current		**5,142,559**	12,182,776
Total		**12,469,831**	12,323,520

Notes:

(a) At 26 May 2016, the Group issued its first tranche (the "First Tranche Issue") of domestic corporate bonds ("2016 Corporate Bonds") with an aggregate amount of RMB5,000,000,000. The First Tranche Issue includes two types of bonds. The first type of bonds with a principal amount of RMB2,000,000,000 was repaid on 27 May 2019. The second type of bonds with a principal amount of RMB3,000,000,000 (the "Type II of the First Tranche Issue") carries interest at an effective interest rate of 4.12% per annum and the maturity date is 27 May 2026.

(b) At 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.

At 30 July 2015, COSL Singapore Capital Ltd. issued the second tranche of drawdown note under the EMTN Programme with a nominal amount of US$500,000,000 (the "Second Drawdown Note"). The effective interest rate is 4.58% per annum after taking into consideration initial transaction costs. The principal of the Second Drawdown Note will be repaid on 30 July 2025.

(c) At 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 guaranteed senior notes.

The first tranche of the notes (the "2025 Notes") is a 5-year guaranteed senior notes, with a US$500,000,000 principal amount. The maturity date is 24 June 2025. The effective interest rate of the 2025 Notes is 1.94% per annum.

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

19. ISSUED CAPITAL

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

20. CONTINGENCES

As at 31 December 2024, an overseas subsidiary of the Group is subject to tax obligation in its jurisdiction. There are certain tax disputes in progress. Different views taken by tax authority and the Group over the interpretation and implementation of tax laws and regulations may increase the Group's tax liabilities. After consulting relevant legal advisors and conducting a thorough assessment, the management of the Group has recognized provision for which the tax liability is probable. The management of the Group is continuously assessing the possible future impact of the above tax matter, and will maintain close communication with the tax authority.

21. EVENTS AFTER THE REPORTING PERIOD

As at 25 March 2025, the board of directors of the Company proposed to distribute the cash dividend for the year ended 31 December 2024 of RMB0.2306 per ordinary share (tax inclusive) to the shareholders with an amount aggregate of RMB1,100,329,115.20. The proposal is subject to the approval by the shareholders at the 2024 Annual General Meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Development Overview for 2024

In 2024, the global economic growth slowed down. The World Economic Outlook report issued by the International Monetary Fund (IMF) in January 2025 predicted that the global economic growth rate would be 3.2% in 2024. In 2024, under the influence of multiple factors such as the trend of the world economy, the output policies of “OPEC+” and the development of new energy, the oil market underwent continuous adjustments, with supply and demand under deep game playing. Although “OPEC+” kept reducing output, the global oil demand was flat, the international oil price declined year-on-year, and safeguarding energy security is still the priority of many countries to promote the recovery of global oil and gas investment. Under the impact of favorable factors and headwinds, the international oil price witnessed fluctuations within a wide range with relatively sluggish performance in general. Meanwhile, the new round of industry consolidation starting in 2023 was ongoing, and some oil companies which went through radical transformation adjusted their development strategies and slowed down their transformation after reviewing the energy transition to refocus on oil and gas production.

Business Review

After experiencing multiple shocks, the world economy grew slowly in 2024, the global trade gradually recovered and the downward trend of international investment eased. However, with the rise of trade protectionism, global economic growth lacked momentum and the growth prospects faced numerous uncertainties. In terms of international oil price, under the influence of various factors such as the interaction of supply and demand, the price range stood at a medium-high level, and the volatility narrowed year-on-year. The annual average price of WTI (crude oil) was US$75.76/barrel, representing a year-on-year decrease of 2.4%. Supported by oil prices, the capital expenditure of offshore oil and gas exploration and the scale of oilfield services market have maintained resilience and increased year-on-year, and the utilisation rate of drilling rigs basically remained stable. The Company closely monitored the changing trend of the international oil and gas market, firmly maintained technological innovation as the strategic priority, continued to refine cost control measures, while it strove to promote the mutually reinforcing domestic and international dual-circulation and was committed to transforming its advanced equipment and technological capacity into a premium market position. In 2024, the operating revenue amounted to RMB48,218.1 million, representing a year-on-year increase of RMB4,175.9 million or 9.5%, while net profit amounted to RMB3,399.1 million, representing a year-on-year increase of RMB116.5 million or 3.5%.

Drilling Services Segment

The Company is the largest offshore drilling contractor in China and one of the internationally well-known drilling contractors. It mainly provides relevant drilling and well completion services such as jack-up drilling rigs, semi-submersible drilling rigs and land drilling rigs. At the end of 2024, the Company operated and managed a total of 62 drilling rigs (of which 48 are jack-up drilling rigs, and 14 are semi-submersible drilling rigs), etc.

In 2024, revenue from drilling services amounted to RMB13,182.3 million, representing an increase of 9.4% as compared with RMB12,051.2 million in 2023.

In 2024, the global drilling market maintained steady growth with incremental demand concentrated primarily in semi-submersible drilling rigs. The Company seized the opportunity of overseas market to make great efforts to develop large-amount, long-term and high-value overseas projects, consolidated the “industrial control” with “new breakthrough” in resource utilisation efficiency, continued to promote the construction of “offshore equipment design and construction center” and promoted the quality improvement and upgrading of offshore oil and gas equipment manufacturing industry. The “COSLProspector” rig officially launched high daily-rate operations in Norway during the year, and the “NH8” rig successfully won the bid for a long-term high-value drilling project in South America. The Company established long-term cooperative relationships with customers, realized the “double news” breakthrough of new customers in new regions, promoted the healthy development of overseas markets, and continuously strengthened the momentum of international business development; the newly commissioned “HYSY947” and “HYSY948” rigs during the year have successfully and efficiently completed the drilling operation and received praises from customers for its high-quality service; the “Zhenhai No. 6” rig has commissioned and operated in the East China Sea; in terms of the “AE1” rig, the Company successfully signed long-term operation contracts for jack-up rigs in Southeast Asia, which continuously consolidated the presence of drilling services in local market; the “COSLSeeker” rig successfully won the bid for a certain drilling project in Southeast Asia, which effectively expanded the market in Southeast Asia.

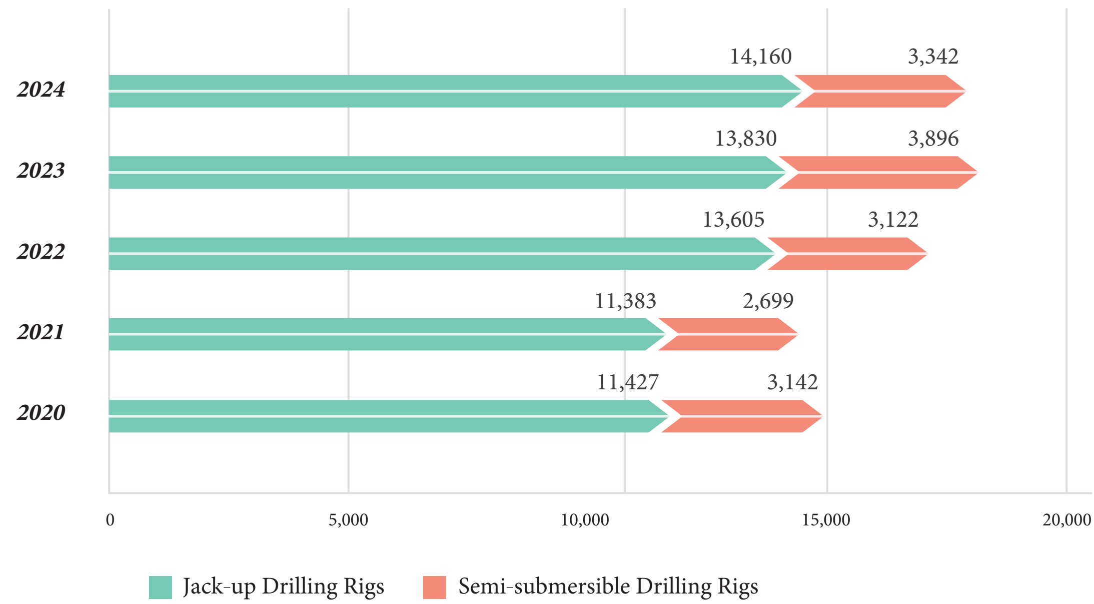
At the end of 2024, the Company had 44 drilling rigs in China and 18 drilling rigs overseas.

Due to the impact of the typhoon season in Southern China, the Company’s drilling rigs operated for 17,502 days in 2024, representing a year-on-year decrease of 224 days or 1.3%.

In 2024, the Company's jack-up drilling rigs operated for 14,160 days, representing a year-on-year increase of 330 days; semi-submersible drilling rigs operated for 3,342 days, representing a year-on-year decrease of 554 days. Available day utilisation rate of drilling rigs was 83.4%, representing a year-on-year decrease of 1.8 percentage points. Among which, the utilisation rate of semi-submersible drilling rigs was 75.6%, representing a year-on-year decrease of 7.4 percentage points, which was due to the decline in workload with the impact of weather factors. Operational details are as follows:

	2024	2023	**Change**	**Percentage change**
Operating days (day)	**17,502**	17,726	(224)	(1.3%)
Jack-up drilling rigs	**14,160**	13,830	330	2.4%
Semi-submersible drilling rigs	**3,342**	3,896	(554)	(14.2%)
Available day utilisation rate	**83.4%**	85.2%	Down 1.8 percentage points	
Jack-up drilling rigs	**85.5%**	85.9%	Down 0.4 percentage point	
Semi-submersible drilling rigs	**75.6%**	83.0%	Down 7.4 percentage points	
Calendar day utilisation rate	**78.0%**	79.9%	Down 1.9 percentage points	
Jack-up drilling rigs	**81.8%**	80.9%	Up 0.9 percentage point	
Semi-submersible drilling rigs	**65.2%**	76.2%	Down 11.0 percentage points	

NUMBER OF OPERATING DAYS FOR DRILLING RIGS IN RECENT YEARS



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

Average daily revenue (ten thousand US$/day)	**2024**	2023	**Change**	**Percentage change**
Jack-up drilling rigs	**7.5**	7.4	0.1	1.4%
Semi-submersible drilling rigs	**14.3**	13.3	1.0	7.5%
Drilling rigs average	**8.8**	8.7	0.1	1.1%

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

(2) USD/RMB exchange rate was 1:7.1884 as at 31 December 2024 and 1:7.0827 as at 31 December 2023.

Well Services Segment

The Company is the main provider of China offshore well services together with the provision of onshore well services. Through the continuous input in technology research and development, advanced technological facilities and excellent management teams, the Company provides comprehensive professional well services, including but not limited to logging, drilling & completion fluids, directional drilling, cementing, well completion, well workover, stimulation, etc.

In 2024, revenue from the well services increased by 7.4% to RMB27,610.3 million from RMB25,717.5 million in 2023. The Company continued to implement the "technology-driven" strategy, focused on the needs of customers to deepen the forward-looking technology layout and industrialization capacity building, promoted the large-scale application of independent technologies and products and overseas market expansion, and achieved a dual improvement of technological brand value and operational benefit.

The Company strengthened technological breakthroughs in key fields, enhanced industrial innovation by leveraging on technological innovation, established a virtuous circle of technological research and development, transformation, iteration and value creation, thus propelled the leap in productive forces to advanced qualitative levels and generated multiple landmark achievements. The "Xuanyue" brand of high-end oil and gas technology equipment was successfully released, achieving a number of technological breakthroughs, effectively helping the development of deep-water, deep-layer, low-porosity, low-permeability and other high-difficulty oil and gas exploitation, and injecting new driving force into improvement of the level of the whole industrial chain of oil and gas exploration and development. The large-scale application capability of the "Xuanji" system has been continuously enhanced, and the full-scale downhole instrument has the capability of "rotary steerable system + edge exploration + four lines + autonomous high-speed pulse". The directional rotary steerable system was successfully applied in the Bohai Oilfield for the first time, helping the "Xuanji" system to improve the adaptability of the whole formation. The "Haihong" well completion system has been successfully applied in domestic offshore oilfields for over 8,000 well times, realizing the large-scale applications of a full series of software, tools and experimental detection platforms, and effectively improving the autonomy level of China's offshore well completion industry.

The Company fully integrated its technological advantages across the whole industrial chain, constantly advanced the marketization process of its self-developed technologies and products, and secured overseas orders for its technologies and products, demonstrating its technological strength and market competitiveness. "Xuanji" system, along with high-end system tools and various types of self-developed logging instruments, continued to expand the external market share by virtue of its advanced technology and wide application, and the sales force building and strategic layout has strengthened, thus expanding the technology influence of COSL brand. The Company successfully signed service contracts for drilling & completion fluids, wireline logging and other projects in Southeast Asia, established a marketing model with the dual-track feeder of "products + services" and "products + sales" and mutual promotion. The self-developed technologies and products have been fully recognized by customers and the expansion of overseas market has achieved fruitful achievements.

Marine Support Services Segment

The Company operates and manages the largest offshore operation fleet with the most comprehensive functions in China, with over 200 vessels including AHTS vessels, platform supply vessels and standby vessels at the end of 2024. The Company can provide comprehensive support and services, including anchor handling for different water level, towing of drilling rigs/engineering barges, offshore transportation, oil/gas field standby, firefighting, rescue and oil spill assisting, for offshore oil and gas exploration, development, construction and oil/gas field production, which can fulfill multidimensional needs of clients.

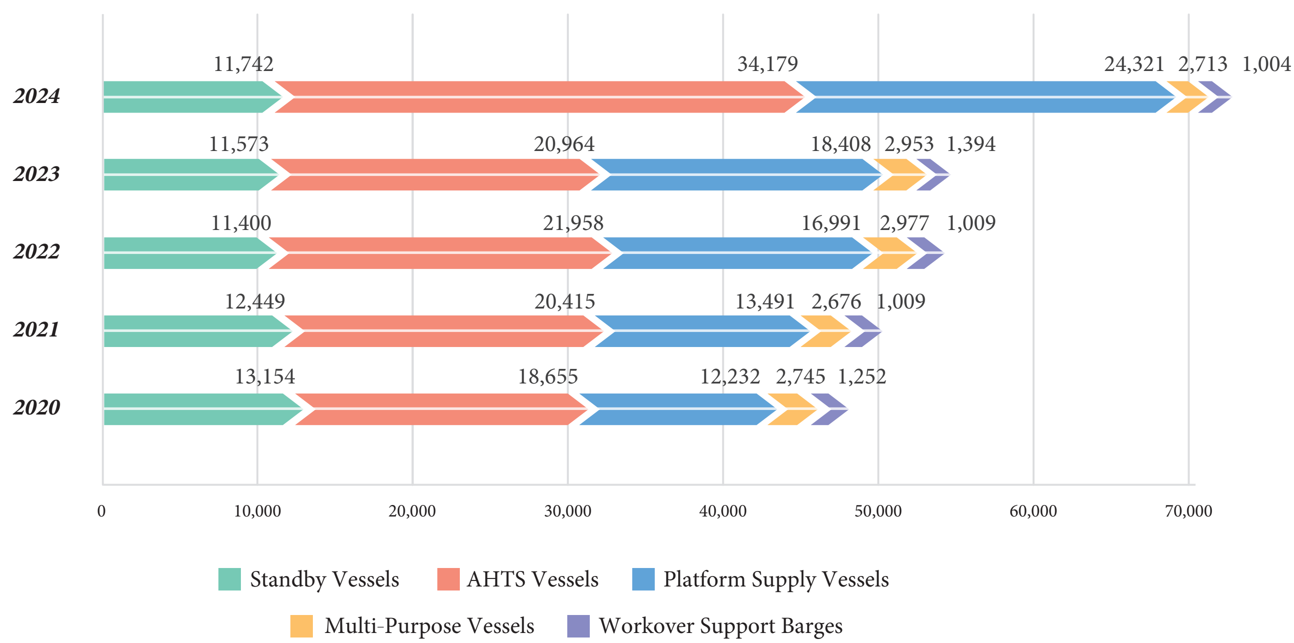
In 2024, revenue of marine support services increased by 20.9% to RMB4,760.9 million from RMB3,938.8 million in 2023.

The Company keenly seized the opportunity of the market recovery and strengthened the capacity building of vessels resource pools with significant improvement in the annual operation scale. Meanwhile, with the advantages of professional management, the Company tailored vessel allocation plans based on customer needs and successively acquired large-amount, long-term and high-value overseas projects. The high-end customer base in the regional market continued to expand. The Company successfully developed new customers in Southeast Asian market and comprehensively strengthened the coordination ability of maritime vessel services. The Company entered the African market for the first time and successfully completed the marine support services project, further strengthening the market penetration. The Company has realized the application of scientific research achievements in the industrial internet project for the first time, which significantly improved digital intelligence management level of OSV vessels materials and equipment operation and maintenance guarantee. The "HYSY545" vessel followed the global green and low-carbon development trend, upgraded and transformed the "LNG+ new energy" mode, effectively reduced energy consumption and carbon emissions of vessels and promoted green and low-carbon transformation and upgrading.

In 2024, the operational details of vessels of the Company are as follows:

Operating days (day)	2024	2023	Change	Percentage Change
Standby vessels	**11,742**	11,573	169	1.5%
AHTS vessels	**34,179**	20,964	13,215	63.0%
Platform supply vessels	**24,321**	18,408	5,913	32.1%
Multi-purpose vessels	**2,713**	2,953	(240)	(8.1%)
Workover support barges	**1,004**	1,394	(390)	(28.0%)
Total	**73,959**	55,292	18,667	33.8%

NUMBER OF OPERATING DAYS FOR UTILITY VESSELS IN RECENT YEARS



Geophysical Acquisition and Surveying Services Segment

The Company is a major supplier for China offshore geophysical acquisition and surveying services and a solid competitor and a provider of effective and high quality service in the global geophysical exploration. At the end of 2024, the Company owned 5 towing streamer vessels, 5 submarine seismic vessels and 4 integrated marine surveying vessels. Services for clients include but not limited to providing services of wide azimuth, broadband, high density seismic acquisition services, ocean bottom cable and ocean bottom node multi-component seismic acquisition services, as well as integrated offshore surveying services.

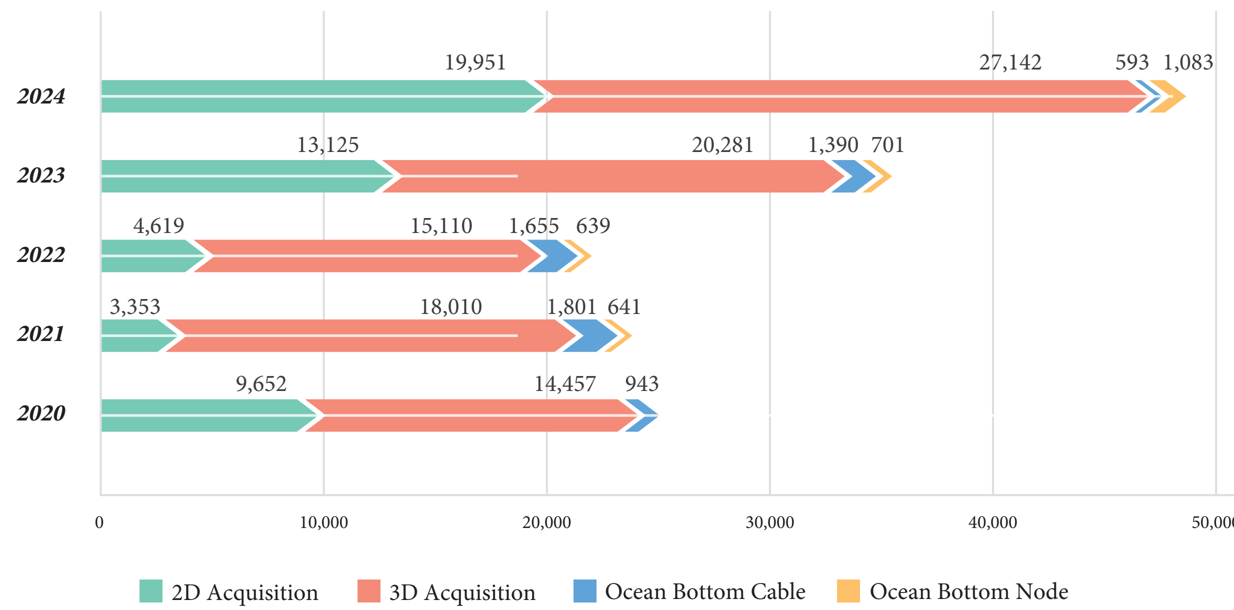
In 2024, revenue of geophysical acquisition and surveying services increased by 14.1% to RMB2,664.6 million from RMB2,334.7 million in 2023, of which, the surveying services recorded revenue of RMB723.6 million, representing an increase of 3.7% as compared with RMB698.0 million in 2023.

The Company rationally allocated domestic and overseas equipment resources to effectively release the production capacity of geophysical operations. In 2024, the newly signed contract amount and overseas revenue of overseas geophysical projects hit a record high for the same period. The Company relied on independent equipment and technology research and development to strengthen its core business and improve the quality of acquisition data and operation efficiency. The self-developed "Haimai" was selected in the fourth batch list of the first major technical equipment in the energy field in China, which played an important role in the reserve and production output improvement of oil and gas resources in China and provided a solid guarantee for safeguarding national energy security. "Haijing", a complete set of marine seismic exploration towed streamer equipment, has successfully completed the overseas seismic exploration technical service operation in Southeast Asia, which received full recognition from overseas markets. The Company continued to strengthen its cooperative relationship with diversified customers, fully utilized the domestic winter window to complement and release production capacity and promoted breakthroughs in overseas regional development. The "HYSY721" vessel successfully completed the large-scale 3D seismic acquisition task in West Africa and South America. In terms of surveying business, the Company successfully signed the first operation service contract in North America. The Company has achieved fruitful achievements in the overseas market.

In 2024, the details of geophysical acquisition of the Company are as follows:

Businesses	2024	2023	Change	Percentage Change
2D acquisition (km)	**19,951**	13,125	6,826	52.0%
3D acquisition (km^2)	**27,142**	20,281	6,861	33.8%
Ocean bottom cable (km^2)	**593**	1,390	(797)	(57.3%)
Ocean bottom node (km^2)	**1,083**	701	382	54.5%

THE OPERATING VOLUME OF GEOPHYSICAL SERVICE FLEET IN RECENT YEARS (KM/KM^2)



Major Subsidiaries

China Oilfield Services (BVI) Limited, COSL Hong Kong International Limited, COSL Norwegian AS ("CNA"), COSL Singapore Limited, China France Bohai Geoservices Co., Ltd. ("China France Bohai") and COSL Hainan Ltd. ("Hainan Company") are major subsidiaries of the Group, which mainly engage in drilling, well services and relevant businesses.

As at 31 December 2024, the total assets of China Oilfield Services (BVI) Limited amounted to RMB4,901.7 million and equity was RMB1,661.2 million. China Oilfield Services (BVI) Limited realized revenue of RMB5,310.4 million in 2024, representing an increase of RMB330.4 million compared with last year. The net profit amounted to RMB307.8 million, representing an increase of RMB237.9 million compared with last year.

As at 31 December 2024, the total assets of COSL Hong Kong International Limited amounted to RMB7,671.6 million and equity was RMB7,671.6 million. COSL Hong Kong International Limited realized revenue of RMB0 in 2024. The net profit amounted to RMB193.3 thousand, representing an increase of RMB68.8 thousand compared with last year, which was mainly due to the increase in investment income as a result of dividend distribution of subsidiaries.

As at 31 December 2024, the total assets of CNA amounted to RMB11,320.4 million and equity was RMB-6,145.4 million. CNA realized revenue of RMB1,800.1 million in 2024, representing an increase of RMB400.5 million or 28.6% as compared with last year. The net profit amounted to RMB-721.0 million, representing an increase in loss of RMB125.3 million compared with last year, which was mainly due to the impact of an increase in preparation cost of new operation rigs.

As at 31 December 2024, the total assets of COSL Singapore Limited amounted to RMB18,974.6 million and equity was RMB-4,886.4 million. COSL Singapore Limited realized revenue of RMB3,637.2 million in 2024, representing an increase of RMB951.3 million or 35.4% compared with last year. The net profit amounted to RMB-501.7 million, representing a decrease in loss of RMB452.8 million compared with last year.

China France Bohai has been accounted for as a subsidiary and has been consolidated into the consolidated financial statements by the Group since 1 August 2022 when the Group obtained the control over China France Bohai. As at 31 December 2024, the total assets of China France Bohai amounted to RMB1,595.1 million and equity was RMB576.3 million. In 2024, China France Bohai realized revenue of RMB2,012.9 million, representing an increase of RMB138.8 million compared with last year. The net profit amounted to RMB501.7 million, representing an increase of RMB14.1 million compared with last year.

Hainan Company was incorporated by the Group on 6 December 2019 and the construction at the site has been completed and the business has been improved gradually at present. As at 31 December 2024, the total assets of Hainan Company amounted to RMB3,995.8 million and equity was RMB3,211.0 million. Hainan Company realized revenue of RMB3,491.8 million in 2024, representing an increase of RMB339.3 million compared with last year. The net profit amounted to RMB237.9 million, representing an increase of RMB62.0 million compared with last year.

FINANCIAL REVIEW

1. Analysis on Consolidated Statement of Profit or Loss

1.1 Revenue

For the year 2024, revenue of the Group amounted to RMB48,218.1 million, representing an increase of RMB4,175.9 million or 9.5% as compared with last year. The detailed analysis is set out below:

Unit: RMB million

Business segments	**2024**	2023	**Change**	**Percentage change**
Drilling services	**13,182.3**	12,051.2	1,131.1	9.4%
Well services	**27,610.3**	25,717.5	1,892.8	7.4%
Marine support services	**4,760.9**	3,938.8	822.1	20.9%
Geophysical acquisition and surveying services	**2,664.6**	2,334.7	329.9	14.1%
Total	**48,218.1**	44,042.2	4,175.9	9.5%

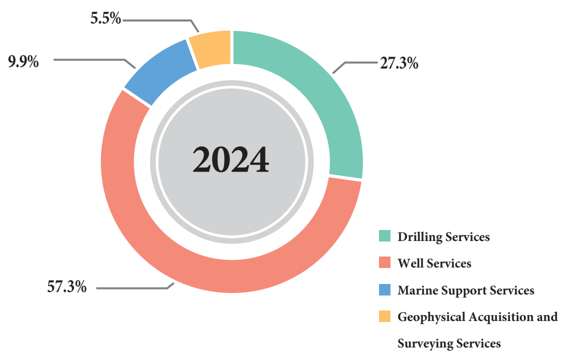
- Revenue generated from drilling services increased by 9.4% as compared with last year. The Company continued to consolidate the revenue base in China, tapped into the potential of domestic customers, seized opportunities in overseas markets and effectively unleashed the production capacity of drilling rigs. During the year, the overseas daily-rate of drilling rigs increased, the utilisation rate of overseas rigs basically maintained stable and the revenue for the year increased as compared with last year.

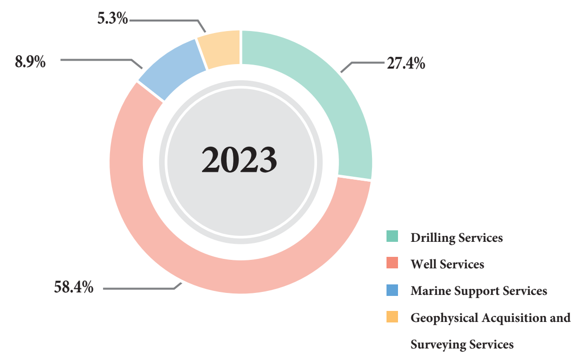
- Revenue from well services increased by 7.4% as compared with last year. The Company leveraged its own technological advantages to seek market growth, made good efforts on the forward-looking layout of domestic and overseas markets, promoted the construction of an original technology resource pool, expanded product exports and enhanced the global influence of technology brands, achieving an increase of operation volume of main business lines and a steady increase in revenue.

- Revenue from marine support services increased by 20.9% as compared with last year, which was primarily due to the fact that the Company effectively integrated vessel resources, further expanded the number of vessels under operation and management, optimized its layout in the vessel market and tailored vessel allocation plans based on customer needs, and successfully developed high-end vessel customers, resulting in an increase in operation volume of self-owned vessels and chartered vessels during the year.

- Revenue of geophysical acquisition and surveying services increased by 14.1% as compared with last year, which was mainly due to an increase in operation volume of 3D acquisition as a result of obtaining a number of new overseas operation orders during the year.

Revenue analysis – by business segments



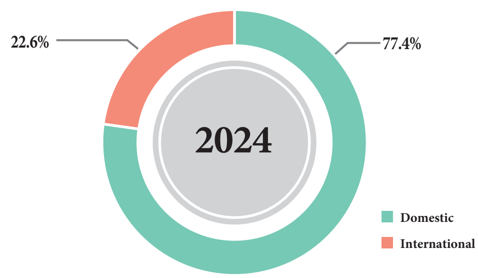


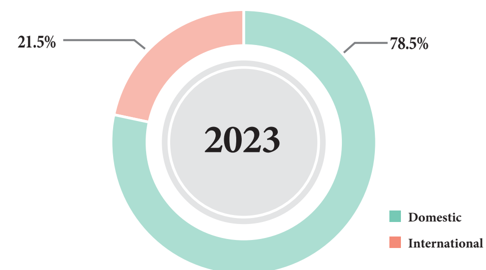
Analysis by operation area

Unit: RMB million

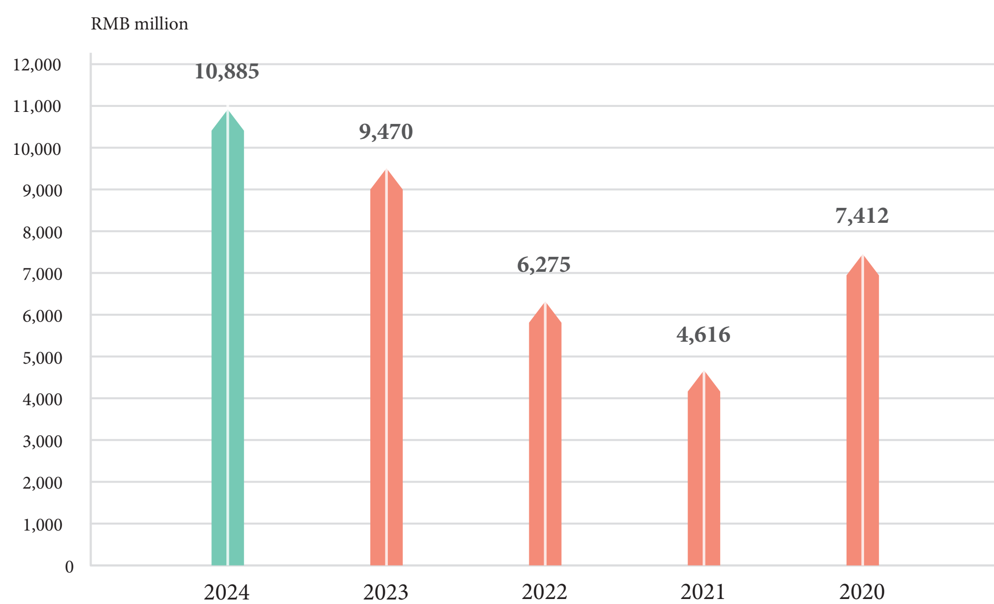
Region	**2024**	2023	**Change**	**Percentage change**
Domestic	**37,333.5**	34,571.9	2,761.6	8.0%
International	**10,884.6**	9,470.3	1,414.3	14.9%
Total	**48,218.1**	44,042.2	4,175.9	9.5%

In terms of operation area, the Group's main source of revenue was from the domestic market, accounting for 77.4% of the Group's total revenue. In 2024, the Group's international business recorded revenue of RMB10,884.6 million (compared with RMB9,470.3 million over last year), accounting for 22.6% of the Group's revenue for the year.





The Latest Five Years' International Revenue



1.2 Operating expenses

For the year 2024, operating expenses of the Group amounted to RMB43,497.6 million, representing an increase of RMB4,000.9 million or 10.1% as compared with RMB39,496.7 million of last year.

The table below shows the comparison of the breakdown of the Group's operating expenses in 2024 and 2023:

Unit: RMB million

	2024	2023	**Change**	**Percentage change**
Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library	**5,789.4**	5,195.3	594.1	11.4%
Depreciation of right-of-use assets	**545.3**	415.3	130.0	31.3%
Employee compensation costs	**8,391.9**	8,202.0	189.9	2.3%
Repair and maintenance costs	**863.0**	601.6	261.4	43.5%
Consumption of supplies, materials, fuel, services and others	**11,017.6**	10,101.8	915.8	9.1%
Subcontracting expenses	**12,970.5**	11,420.8	1,549.7	13.6%
Lease expenses	**2,117.4**	2,147.5	(30.1)	(1.4%)
Other operating expenses	**1,808.6**	1,355.8	452.8	33.4%
Impairment loss under expected credit losses model, net of reversal	**(6.1)**	56.6	(62.7)	(110.8%)
Total operating expenses	**43,497.6**	39,496.7	4,000.9	10.1%

Depreciation of property, plant and equipment and amortisation of intangible assets and multiclient library for the year increased by RMB594.1 million or 11.4% as compared with last year, primarily due to the impact of amortisation of mobilisation costs.

Depreciation of right-of-use assets for the year increased by RMB130.0 million or 31.3% as compared with last year, mainly due to an increase in the original value of right-of-use assets as a result of the new lease contracts for the year, leading to a year-on-year increase in depreciation cost.

Employee compensation costs for the year increased by RMB189.9 million or 2.3% as compared with last year.

Repair and maintenance costs for the year increased by RMB261.4 million or 43.5% as compared with last year, primarily due to the impact of a year-on-year increase in amortisation of mobilisation costs and repair arrangements during the year.

Consumption of supplies, materials, fuel, services and others for the year increased by RMB915.8 million or 9.1% as compared with last year.

Subcontracting expenses for the year increased by RMB1,549.7 million or 13.6% as compared with last year, mainly due to the centralized management of vessels, resulting in the increase in subcontracting expenses.

Lease expenses for the year was RMB2,117.4 million, representing a decrease of RMB30.1 million as compared with last year.

Impairment loss of credit for the year decreased by RMB62.7 million as compared with last year, mainly due to the reversal of impairment losses under expected credit loss model for the year.

Other operating expenses in 2024 amounted to RMB1,808.6 million, which mainly included nearly 30 cost items, such as 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 an increase of RMB452.8 million as compared with last year, mainly due to the recognition of non-operating expenses in respect of overdue fines and provisions, for the tax matters of a subsidiary in Mexico, with total amount of approximately RMB250.0 million and increase or decrease in other items. Among which, health, safety and environmental protection expenses amounted to RMB504.5 million, representing an increase of RMB6.5 million as compared with last year; transfer fees for technology amounted to RMB289.4 million, representing an increase of RMB66.0 million as compared with last year; travel expenses amounted to RMB255.0 million, consulting fees amounted to RMB82.4 million, business trip expenses amounted to RMB72.4 million, and office expenses, collective expenses, audit fees and other fees amounted to RMB354.9 million in total.

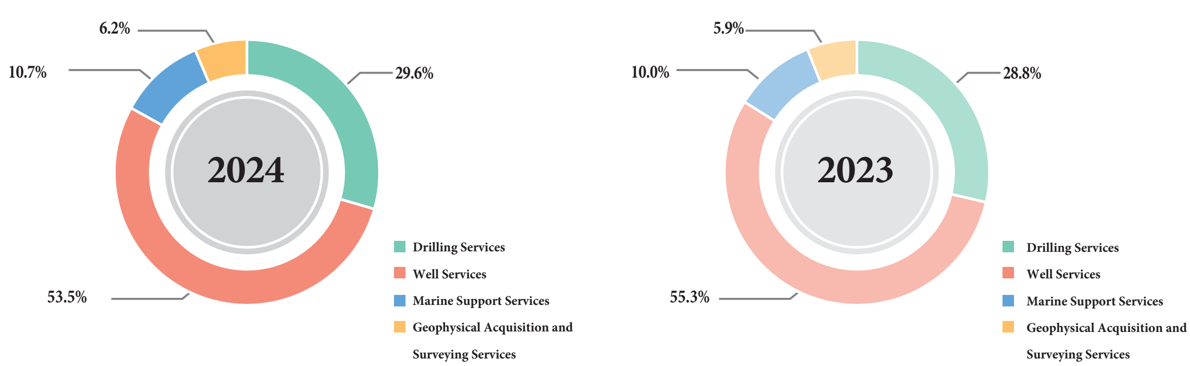
Other operating expenses in 2023 amounted to RMB1,355.8 million, which mainly included nearly 30 cost items, such as travel expenses, business trip expenses, office expenses, expenses for library materials, health, safety and environmental protection expenses, weather guarantee fees, consulting fees, audit fees and so on. Among which, health, safety and environmental protection expenses amounted to RMB498.0 million; travel expenses amounted to RMB263.8 million; transfer fees for technology amounted to RMB223.4 million; business trip expenses amounted to RMB73.8 million; consulting fees amounted to RMB63.5 million; collective expenses, office expenses, audit fees and other fees amounted to RMB233.3 million in total.

The operating expenses for each segment are shown in the table below:

Unit: RMB million

Business segments	**2024**	2023	**Change**	**Percentage change**
Drilling services	**12,873.8**	11,387.8	1,486.0	13.0%
Well services	**23,254.6**	21,851.0	1,403.6	6.4%
Marine support services	**4,673.4**	3,928.1	745.3	19.0%
Geophysical acquisition and surveying services	**2,695.8**	2,329.8	366.0	15.7%
Total	**43,497.6**	39,496.7	4,000.9	10.1%

Analysis of operating expenses – by business segments



1.3 Profit from operations

For the year 2024, the Group's profit from operations amounted to RMB5,047.6 million, representing an increase of RMB192.4 million or 4.0% as compared with RMB4,855.2 million of last year.

The profit from operations for each segment is shown in the table below:

Unit: RMB million

Business segments	2024	2023	Change	Percentage change
Drilling services	**373.1**	739.7	(366.6)	(49.6%)
Well services	**4,492.2**	4,052.0	440.2	10.9%
Marine support services	**107.2**	38.0	69.2	182.1%
Geophysical acquisition and surveying services	**75.1**	25.5	49.6	194.5%
Total	**5,047.6**	4,855.2	192.4	4.0%

1.4 Financial expenses, net

Unit: RMB million

	2024	2023	Change	Percentage change
Exchange gains or losses, net	**(42.5)**	37.1	(79.6)	(214.6%)
Finance costs	**785.1**	996.8	(211.7)	(21.2%)
Interest income	**(118.4)**	(181.1)	62.7	(34.6%)
Financial expenses, net	**624.2**	852.8	(228.6)	(26.8%)

During the year, the Group repaid interest-bearing borrowings of approximately RMB4.1 billion, accounting for 20% of interest-bearing borrowings as at the beginning of the year. The finance costs decreased by RMB211.7 million as compared with last year.

1.5 Gains arising from financial assets at fair value through profit or loss

The Group's gains arising from financial assets at fair value through profit or loss in 2024 was RMB43.1 million, representing a decrease of RMB28.0 million as compared with RMB71.1 million of last year, mainly due to the reduction of principal of investment in wealth management during the year, resulting in a year-on-year decrease in revenue.

1.6 Profit before tax

The profit before tax of the Group was RMB4,667.3 million in 2024, representing an increase of RMB424.4 million as compared with RMB4,242.9 million of last year.

1.7 Income tax expense

The income tax expense of the Group in 2024 was RMB1,268.2 million, representing an increase of RMB308.0 million as compared with RMB960.2 million of last year, mainly due to the increase in profit and the reversal of deferred tax recognised in respect of recoverable tax losses of overseas subsidiary during the year.

1.8 Profit for the year

For the year 2024, profit of the Group was RMB3,399.1 million, representing an increase of RMB116.5 million as compared with RMB3,282.6 million of last year.

1.9 Basic earnings per share

For the year 2024, the Group's basic earnings per share were approximately RMB65.74 cents, as compared with approximately RMB63.15 cents of last year.

1.10 Dividend

The Board of Directors of the Company recommended a final dividend of RMB0.2306 per share (tax inclusive) for the year 2024, totaling approximately RMB1,100.3 million. The final dividend will be paid on or before 30 June 2025 upon approval at the 2024 annual general meeting of shareholders.

In accordance with the Enterprise Income Tax Law of the People's Republic of China, the implementation regulations and related tax regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H share of the Company when distributing dividends to them. For H shares of the Company registered other than in the name(s) of individual(s), including HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups, shall be deemed to be shares held by non-resident enterprise shareholder(s). On the basis, enterprise income tax shall be withheld from dividends payable to such shareholder(s). If relevant shareholders believe that the dividend income obtained needs to enjoy any tax treaty (arrangement) treatment, they can apply to the competent tax authority on their own after receiving the dividend in accordance with the regulations.

2. Analysis on Consolidated Statement of Financial Position

As at 31 December 2024, the total assets of the Group amounted to RMB82,947.7 million, representing a decrease of RMB298.1 million or 0.4% as compared with RMB83,245.8 million as at the end of 2023. The total liabilities amounted to RMB38,523.1 million, representing a decrease of RMB2,466.6 million or 6.0% as compared with RMB40,989.7 million as at the end of 2023. Total equity amounted to RMB44,424.5 million, representing an increase of RMB2,168.4 million or 5.1% as compared with RMB42,256.1 million as at the end of 2023.

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

Unit: RMB million

Items		2024	2023	Change	Percentage change	Reasons
Assets						
1	Other intangible assets	**210.9**	155.7	55.2	35.5%	Mainly due to the transfer of software development to other intangible assets as a result of satisfaction of conditions to include in assets.
2	Multiclient library	**72.1**	131.8	(59.7)	(45.3%)	Mainly due to the fact that there were no new multiclient library assets during the year, leading to a gradual decline in line with the residual value of amortisation.

Items		2024	2023	Change	Percentage change	Reasons
3	Contract costs (non-current assets)	**630.1**	919.2	(289.1)	(31.5%)	Mainly due to the decrease in rig mobilisation costs due to the amortisation.
4	Other non-current assets	**238.2**	415.9	(177.7)	(42.7%)	Mainly due to the decrease in prepayment for purchase of rigs, which was made last year, as a result of the inclusion of rigs into assets during the year.
5	Deferred tax assets	**28.5**	59.1	(30.6)	(51.8%)	Mainly due to the decrease in deferred tax assets recognised in respect of recoverable tax losses of overseas subsidiary.
6	Prepayments, deposits and other receivables	**285.8**	202.8	83.0	40.9%	Mainly due to the increase in prepayment for purchase of equipment.
7	Notes receivable	**51.0**	115.9	(64.9)	(56.0%)	Mainly due to the maturity of notes.
8	Receivables at fair value through other comprehensive income	**156.4**	352.0	(195.6)	(55.6%)	Mainly due to the maturity of notes.
9	Contract assets	**70.9**	53.7	17.2	32.0%	Mainly due to the entrusted repair of external rigs for which relevant services have been provided but not completed and settled.
10	Contract costs (current assets)	**142.2**	30.6	111.6	364.7%	Mainly due to the increase in contract performance costs reclassified based on liquidity.
11	Time deposits	**542.2**	2,226.4	(1,684.2)	(75.6%)	Mainly due to the maturity of certificates of large amount deposit.

Items		2024	2023	Change	Percentage change	Reasons
Liabilities						
1	Notes payable	**–**	7.3	(7.3)	(100.0%)	Mainly due to the acceptance of notes at maturity.
2	Interest-bearing bank borrowings (current liabilities)	**18.3**	2,965.5	(2,947.2)	(99.4%)	Mainly due to the repayment of bank loans due within one year.
3	Long-term bonds (current liabilities)	**7,327.3**	140.7	7,186.6	5,107.7%	Mainly due to the reclassification of bonds due within one year.
4	Lease liabilities (current liabilities)	**468.1**	305.0	163.1	53.5%	Reclassify based on liquidity into lease liabilities due within one year.
5	Long-term bonds (non-current liabilities)	**5,142.6**	12,182.8	(7,040.2)	(57.8%)	Mainly due to the reclassification of bonds due within one year.
6	Contract liabilities (non-current liabilities)	**669.8**	1,292.8	(623.0)	(48.2%)	Mainly due to the amortisation of rig mobilization revenue.
7	Other non-current liabilities	**165.7**	11.4	154.3	1,353.5%	Mainly due to the provision for the tax matters of a subsidiary in Mexico during the year.
8	Loans from related parties (non-current liabilities)	**1,529.4**	2,649.0	(1,119.6)	(42.3%)	Mainly due to the repayment of loans from related parties during the year.
9	Employee benefit liabilities	**23.9**	15.4	8.5	55.2%	Mainly due to the accrual of employee benefit liabilities by overseas subsidiaries in accordance with local policies.

3. Analysis of Consolidated Statement of Cash Flows

At the beginning of 2024, the Group held cash and cash equivalents of RMB5,977.5 million. During the year, the net cash inflows from operating activities amounted to RMB10,984.7 million; the net cash outflows from investing activities amounted to RMB5,044.8 million; the net cash outflows from financing activities amounted to RMB6,464.6 million and the impact of foreign exchange rate fluctuations resulted in a decrease of cash of RMB29.0 million. As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB5,423.8 million.

3.1 Cash flows from operating activities

As at 31 December 2024, the net cash inflows from operating activities of the Group amounted to RMB10,984.7 million, representing a decrease of 16.1% as compared with last year, mainly due to the fact that the Company applied the Announcement on Increasing Pre-Tax Deduction to Support Innovation in Science and Technology by the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology (the Announcement No. 28 of 2022 of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology) in 2022, unutilized tax losses arising from income tax preference in 2022 has been utilized in full in 2023, and there was no such impact during the year, leading to the increase in cash outflows from income tax paid during the year.

3.2 Cash flows from investing activities

As at 31 December 2024, the net cash outflows from investing activities of the Group amounted to RMB5,044.8 million, representing a decrease of outflows of RMB2,412.4 million as compared with last year, which was mainly due to the increase of RMB2,031.8 million in cash received from the disposal of or matured investments in floating rate corporate wealth management products and monetary funds, the decrease of RMB3,287.4 million in cash paid for purchase of property, plant and equipment and other intangible assets, and the increase of RMB2,990.0 million in cash paid for purchase of floating rate corporate wealth management products, monetary funds, debt instruments and time deposits.

3.3 Cash flows from financing activities

As at 31 December 2024, the net cash outflows from financing activities of the Group amounted to RMB6,464.6 million, representing an increase of outflows of RMB3,180.8 million as compared with last year, which was mainly due to the fact that cash received from new bank loans and loans from related parties during the year decreased by RMB3,494.0 million as compared with last year, cash paid for repayment of bank loans and loans from related parties increased by RMB418.0 million as compared with last year, and cash paid for repayment of long-term bonds decreased by RMB728.6 million.

3.4 The effect of foreign exchange rate fluctuations on cash during the year was a decrease of cash of RMB29.0 million.

3.5 The Group provides operation capital mainly through cash from operating activities, investment activities and financing activities and interest-bearing borrowings. For details of the Group's borrowings for the year ended 31 December 2024, please refer to Note 16 and 17 to the consolidated financial statements of this announcement.

4. Capital Expenditure

In 2024, the capital expenditure of the Group amounted to RMB7,320.4 million, representing a decrease of RMB2,425.6 million or 24.9% as compared with last year.

The capital expenditure of each business segment is as follows:

Unit: RMB million

Business segments	**2024**	2023	**Change**	**Percentage change**
Drilling services	**3,923.5**	6,167.0	(2,243.5)	(36.4%)
Well services	**2,624.7**	2,781.6	(156.9)	(5.6%)
Marine support services	**285.3**	311.9	(26.6)	(8.5%)
Geophysical acquisition and surveying services	**486.9**	485.5	1.4	0.3%
Total	**7,320.4**	9,746.0	(2,425.6)	(24.9%)

The capital expenditure of drilling service business is mainly used for the purchase of drilling rigs (5 drilling rigs purchased last year and 2 drilling rigs purchased during the year), the transformation and renovation of equipment and the special inspection of drilling rigs. The capital expenditure of well services business is mainly used for the construction and purchase of well technology services equipment relating to such business. The capital expenditure of marine support services business is mainly used for the transformation and renovation of vessels. The capital expenditure of geophysical acquisition and surveying services business is mainly used for the transformation and renovation of operation vessels and equipment.

Business Plan

In 2024, the capital expenditure of the Company amounted to RMB7.32 billion, representing 98.4% of the annual budget for the year, and the overall target had been basically achieved. The World Economic Outlook report issued by the International Monetary Fund (IMF) in January 2025 predicted that the world economic growth rate would be 3.3% in 2025. In terms of oil supply and demand, emerging markets and developed economies experienced growth division, the transition to green and low-carbon energy accelerated, the growth of the global oil demand further slowed down, and the uncertainty about the trend of international oil price increased. The global oilfield services market size continued to show a recovery trend. According to the report issued by Spears & Associates, a consulting company, all segments of the global oilfield services market will show a growing trend in 2025.

In 2025, it is estimated that the Company's capital expenditure will be approximately RMB7.2 billion, which will be mainly used for equipment investment and upgrades, technical equipment renewal, investment in technology research and development, and infrastructure development. The Company's internal capital liquidity will be stable and the external financing channels will be sufficient, which can ensure the safety of cash flow.

The Company will continue to implement the five development strategies, continuously enhance the strength of equipment, constantly promote scientific and technological innovation, and build the integrated service capability for the oilfield full life-cycle oriented to customer needs. The Company will adhere to green and low-carbon development, promote industrial transformation and upgrading, and gradually move towards becoming a world-class energy service company with Chinese characteristics, so as to achieve multi-party win-win and value maximization with customers, employees, business partners and shareholders.

2025 Business Outlook

According to the International Monetary Fund (IMF), it is anticipated that the growth of global economy will be approximately 3.3% in 2025. The slowdown of global economic recovery will present challenges to the oil market, imposing downward pressure on the international oil price under mildly accommodative supply and demand landscape in general. The global natural gas market will still show a strong momentum, and the international gas price will keep fluctuating at a high level. With the completion of election in several countries around the world and the carbon emission debate of COP29, the energy transition enters a critical year when the international oil companies still spare no efforts to seek a balance between energy supply and energy transition. As anticipated by Rystad Energy, an energy consulting agency, in 2025, the growth of upstream investment will slow down, the deep water oilfield exploration will still be an investment hot spot, and the deep water investment will grow by approximately 3.0%. Due to the slowdown of the growth of upstream investment in the global oil industry, the global oilfield services market size recorded a slight increase. According to the study report issued by Spears & Associates, the market size of the global oilfield services industry is anticipated to increase by 2.2% year-on-year in 2025.

SUPPLEMENTARY INFORMATION

Annual Results Review

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by Ernst & Young. This results announcement is based on such financial statements which have been agreed by the Company and the auditor.

The audit committee of the Company comprises of three independent non-executive directors. The audit committee has reviewed the accounting principles and practices adopted by the Group as well as the risk management, internal control and financial reporting matters. The annual results of the Group for the year ended 31 December 2024 has been reviewed by the audit committee.

Corporate Governance Code

During the 12 months ended 31 December 2024, the Company has complied with principles and code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), and also has explained the implementation of provision C.2.1 under Part 2 of the Corporate Governance Code.

The Chairman and the Chief Executive Officer of the Company are currently held by Mr. Zhao Shunqiang alone. This is different from the provision C.2.1 under Part 2 of the Corporate Governance Code which states that the roles of chairman and chief executive officer should be different and should not be performed by the same person at the same time. However, the Board believes that, the roles of chairman and chief executive officer being assumed by the same person can help to meet the Company's production and operation needs in current phase, and guarantee the effective formulation and vigorous promotion of the Company's strategies. At the same time, all major decisions of the Company are discussed by the Board, the special Board Committees and Senior Management, and other members of the Board or the Independent Non-executive Directors shall also play a role in balancing and supervising the above major decisions. In addition, the internal control structure of the Company plays a supervisory and review role in the decision-making and implementation of major decisions and the Independent Non-executive Directors shall also express objective, fair and independent opinions on the matters discussed by the Company. The Board believes that the current structure does not reduce the balances of power and authorization, and allows the Company to make decisions and implementations in a timely and effective manner.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2024 Annual Report which will be issued in April 2025.

FOREIGN CURRENCY RISK AND OTHER POTENTIAL RISKS

The Company's operation is affected by the exchange rate fluctuation of RMB against other foreign currencies. If the exchange rate fluctuation is significant, the Company's net profit will be impacted to a certain extent. At the same time, if the exchange rate fluctuation is significant, it will also have an impact on cash receipts and payments including the foreign exchange receipts and payments, the US dollar debt repayment pressure and the cost of purchasing imported equipment of the Company. The management of the Company will continuously monitor such foreign currency exposure, and follows up the exchange risk exposure and controls the exchange rate risk by conducting regular research and analysis of exchange rate trends. In the production and operation process, the Company will take corresponding measures to try to avoid various operational risks, but it is not possible to completely eliminate the occurrence of various types of risks and uncertain factors in the actual production and operation process, such as market competition risk, health, safety and environmental risk, domestic and overseas business expansion and operational risks, assets impairment risk, accounts receivable recovery risk, etc. An overseas subsidiary of the Group is subject to tax obligation in its jurisdiction. COSL Mexico S.A. de C.V., a wholly-owned subsidiary of the Group, is involved in a tax dispute with the Servicio de Administración Tributaria. Different views taken by the Group and the Mexican tax authority over the interpretation and implementation of tax laws and regulations may increase the Group's tax liabilities. The management of the Group is continuously assessing the possible future impact of the above tax matter, and will maintain close communication with the tax authority.

Compliance with the Model Code for Securities Transactions by Directors of Listed Companies

Upon specific enquiry to all Directors by the Company, the Directors have confirmed that they have, during the 12 months ended 31 December 2024, strictly complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Hong Kong Listing Rules.

Purchase, Sale and Redemption of the Company's Listed Securities

Neither the Company nor its subsidiaries purchased, sold or redeemed any of its listing securities (including the sale of treasury shares) during the year. As at the end of the reporting period, neither the Company nor its subsidiaries held any treasury shares.

DISCLOSURE OF INFORMATION ON WEBSITES OF THE COMPANY AND HONG KONG STOCK EXCHANGE

This announcement will be available on the Company's website (www.cosl.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk). The full annual report for 2024 will be mailed to the shareholders of the Company according to the requirement of shareholders in due course and published on the websites of the Company and Hong Kong Stock Exchange.

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

25 March 2025

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