China Oilfield Services Limited

Terms of Reference for the Audit Committee of the Board

Chapter 1 General

Article 1. The Company has established the Audit Committee of the Board and formulated these terms of reference in accordance with the Administrative Measures for State-owned Enterprises and Listed Companies to Appoint Accounting Firms, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations and the Articles of Association of China Oilfield Services Limited (the "Articles of Association").

Article 2. The Audit Committee of the Board is a committee specifically set up by the Board to exercise the duties and powers of the Supervisory Committee as stipulated by the Company Law of the People's Republic of China (the "Company Law") and is responsible for reviewing the accounting policies, financial conditions and the financial reporting procedures of the Company, examining the internal control system, recommending and engaging the external auditors and coordinating, overseeing and inspecting internal and external auditors of the Company. The Audit Committee is accountable to the Board, and report to the Board.

Chapter 2 Composition

Article 3. The Audit Committee shall comprise three independent directors with expertise and commercial experience to fulfill their responsibilities of the Audit Committee, at least one of whom must be an accounting professional.

Article 4. The Audit Committee shall have a chairman (convener), who shall

be the committee member with the professional accounting qualification;

Article 5. The members and chairman of the Audit Committee shall be nominated by the Nomination Committee of the Board and selected by the Board.

Article 6. If any members resign from the position of director of the Company during his/her term of office, he/she shall immediately cease to be a committee member. The vacancy shall be filled in accordance with Article 3, 4 and 5.

Article 7. The Audit Committee shall have an audit working group which may comprise relevant personnel of the financial capital department, audit department and administration department (Board secretary office). The administration department (Board secretary office) is responsible for daily communications and organizing meetings of the Committee etc.

Chapter 3 Duties and Powers

Article 8. The main duties and powers of the Audit Committee are:

(1) Exercising the duties and powers of the Supervisory Committee as stipulated by the Company Law.

(2) Responsible for reviewing the appointment or dismissal of the financial officer and submitting it to the Board for consideration.

(3) Responsible for engagement or dismissal of external auditors and submitting it to the Board for consideration.

1. to formulate policies, procedures and related internal control systems for the selection and engagement of external auditors in accordance with the authorization of the Board;
2. to propose to carry out the work in relation to the selection and engagement of external auditors;
3. to consider selection and engagement documents, determine

evaluation factors and specific grading standards and supervise the selection and engagement process;

4. to put forward suggestions on the selection and engagement of external auditors and audit fees and submit it to the Board for consideration;

5. to be responsible for other matters related to the selection and engagement of external auditors authorized by the laws, regulations, the Articles of Association and the Board.

(4) Supervise and evaluate the work of external auditors.

1. to assess independence and expertise of the external auditor, especially the impact on independence when the external auditor provides non-auditing services;

2. to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to consider the remuneration and engagement terms of the external auditor, and to handle any matters in relation to resignation or removal of the auditor, including but not limited to clearly knowing about the reasons for the resignation of the former auditor, strictly reviewing the ability and resources of the new auditor to conduct high quality audit, ensuring that the new auditor is fully aware of the reasons for the resignation of the former auditor and has an audit plan to resolve all the outstanding issues, and monitor when the Company and the auditor negotiate the audit fees, etc.;

3. to review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards; the Audit Committee should discuss with the external auditor the nature and scope of the audit

and reporting obligations before the audit commences;

4. to develop and implement the policy on provision of non-auditing service by the external auditor;

5. to discuss and communicate with the external auditor on the scope, plan and method of the audit and material items identified during the auditing process;

6. to supervise and evaluate whether the external auditor is honest, trustworthy, diligent and competent, strictly abide by the business rules and industry discipline regulations, strictly implement the internal control system, check and verify the Company's financial and accounting reports, perform the special care obligations, and prudently express professional opinions;

7. to submit the performance evaluation report on the external auditors and a report on the fulfilment of the supervisory duties of the Audit Committee to the Board on a regular basis (at least annually).

(5) Review of and opine on the Company's financial information.

1. to review the Company's financial statements and opine on truthfulness, completeness and accuracy of the financial statements;

2. to check material accounting and auditing issues in the Company's financial statements, including material adjustment to accounting deviation, material accounting policy and assumption adjustment, matters relating to material accounting judgment, significant adjustments resulting from audit, the going concern assumptions and any qualified opinions, the compliance with accounting standards, the compliance with the legal requirements in relation to financial reporting and matters leading to non-standard and qualified auditors' reports, etc.;

3. to particularly attend to the possibility that fraud and malpractice relating to financial statements or material wrongfulness of financial statements exists;

4. to supervise rectification of financial statements;

5. to monitor integrity of the Company's financial statements, annual report and accounts, interim report and quarterly reports, and to review significant opinions on the financial reporting contained in them;

6. in regard of performance of authorities of reviewing and opining on the Company's financial information, the members of the Audit Committee should liaise with the Board and senior management. The members of the Audit Committee must meet, at least twice a year, with the Company's auditors; and the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

(6) Supervision of the Company's financial reporting system and internal control system.

1. to supervise the Company's financial control, internal control, and risk management systems;

2. to discuss the internal control system with the management to ensure that management has performed its duty to establish an effective internal control system;

3. to research on the major findings on the investigation of the internal control matters and the management's responses on its own

initiative or as delegated by the Board;

4. to review the Company's financial and accounting policies and practices and to assess annually whether the Company has adequate resources to arrive at the results set out in the work report;

5. to review the Audit Status Explanation Letter from the external auditor to the management, any material queries raised by the auditor to the management about accounting policies, financial accounts or control systems and the management's response and to ensure that the Board will provide a timely response to the issues raised in the Audit Status Explanation Letter;

6. to report to the Board on the matters in relation to the compliance with relevant requirements of the Listing Rules and consider other topics as defined by the Board;

7. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

8. to act as the key representative body for overseeing the Company's relations with the external auditors.

(7) Review relevant matters of connected transactions.

1. The Audit Committee is responsible for the control and routine management of the connected transactions of the Company. The Audit Committee of the Board may, in due course, organize special audits on the connected transactions and report the results of the audit to the Board;

2. The Audit Committee shall confirm the list of connected persons of the Company and report to the Board in a timely manner;

3. The Audit Committee is responsible for reviewing the connected transactions between the Company and the connected parties, form written opinions, and submit them to the Board for review. The Audit Committee may appoint an independent financial adviser to issue a report as the basis for its judgment.

(8) Supervise and evaluate the internal control of the Company.

1. to assess the appropriateness of the design of the internal control system of the Company;

2. to assess the effectiveness of internal control of the Company and review self-evaluation of the internal control report;

3. to review the internal control audit report issued by the external auditor, and to communicate with the external auditor to identify the problems and their rectification;

4. to assess the results of internal control evaluation and audit, and supervise the rectification of internal control deficiencies.

(9) Supervise and evaluate the internal audit work.

1. to guide and monitor the establishment and implementation of the internal audit system;

2. to review the annual internal audit work plan of the Company;

3. to urge the implementation of the internal audit plan of the Company;

4. to review the internal audit work report, assess the results of the internal audit work, and urge the rectification of major issues;

5. to guide the effective operation of the internal audit department;

6. to report to the Board on the progress and quality of internal audit, any material issues identified, etc.

(10) Coordinate the communication between the management, internal audit department, relevant departments and external auditor.

1. to coordinate the management's communication with external auditor on major auditing issues;

2. to coordinate the communication and cooperation between the internal audit department and the external auditor; and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

(11) Check the Company's compliance with legal and other statutory obligations.

(12) Inspect and supervise the Company’s conduct rules.

(13) Implement other authorities as required by the laws, regulations and relevant requirements of stock exchanges and granted by the Board.

The Audit Committee should report to the Board and make recommendations on any matters where action or improvement is needed.

Article 9. The Audit Committee shall be accountable to the Board, the resolution of which shall be submitted to the Board for approval.

Chapter 4 Procedures of Decision-making

Article 10. The audit working group shall be responsible for performing the preliminary works of the Audit Committee in its decision making, and providing

relevant materials in written:

(1) relevant financial report;

(2) internal and external auditor’s working report;

(3) external audit contract and relevant working report;

(4) information disclosure;

(5) audit report on major connected transactions;

(6) the actual status of the internal control system;

(7) other related matters.

Article 11. The Audit Committee shall consider the report supplied by the audit working group, and submit relevant resolution or report to the Board. The following matters shall be submitted to the Board for consideration, subject to the approval of more than half of all members of the Audit Committee:

(1) Disclosure of financial and accounting reports, and financial information and internal control evaluation report in periodic reports;

(2) Engagement or dismissal of the accounting firm in charge of the audit business of the Company;

(3) Engagement or dismissal of the chief financial officer of the Company;

(4) Changes in accounting policies and accounting estimates or correction of major accounting errors for reasons other than changes in accounting standards;

(5) Other matters as stipulated by the laws, regulations, stock exchanges and the Articles of Association.

Article 12. The Audit Committee shall make recommendations to the Board on the appointment or replacement of the external auditors, review the audit fees and appointment terms of the external auditors, and shall not be improperly influenced by the substantial shareholders, de facto controllers or directors and senior

management of the Company.

Chapter 5 Rules of Proceedings

Article 13. The meetings of the Audit Committee shall consist of periodical meetings and temporary meetings. At least one periodical meeting shall be held every quarter before the first, the second, the third and the fourth annual periodical meeting of the Board. The temporary meeting shall be convened by the chairman individually of the Audit Committee or two and more members jointly respectively. Notice shall be given to all members seven days in advance. In principle, relevant materials and information shall be provided no later than three days before the meeting. The Company shall keep the above meeting materials for at least ten years. The meeting shall be chaired by the chairman of the Committee. The members of the Audit Committee shall be present in person and express their unequivocal opinions on the matter under consideration. If a member cannot attend the meeting in person, he/she may submit a power of attorney signed by the member and entrust other members to attend and give his/her opinions. Power of attorney shall clearly set out authorized scope and duration. Each member shall receive a maximum of one entrustment from a committee member. If an independent director is unable to attend the meeting in person, he or she shall entrust other independent directors to attend the meeting.

Article 14. The Audit Committee shall meet at least once a year in a separate communication meeting with the external auditor, with no management involvement. The Secretary to the Board may attend the meeting.

Article 15. The Audit Committee meeting shall be held only when more than 2/3 of all members can attend the meeting. Each member is entitled to one vote. Resolutions of a meeting must be adopted by the affirmative votes of more than half of its members; If the members of the Audit Committee are interested in matters discussed at the meeting, they shall be abstained from voting; if the Audit Committee are unable to form an effective opinion due to the member’s abstain, the relevant

matters shall be directly examined by the Board.

Article 16. The meetings of the Audit Committee shall be held on site in principle. On the premise of ensuring that all attending directors can fully communicate and express their opinions, the meeting can be held by video, telephone or other means in accordance with the procedures when necessary. The Audit Committee shall adopt voting by show of hands or on a poll in its meeting; and a meeting may also be convened in the form of communication in case of emergency.

Article 17. With the consent or proposal of the chairman of the Committee, members of the audit working group may be present at the meeting of the Audit Committee, and directors and other senior management of the Company may be invited to attend the meetings, if necessary.

Article 18. If necessary, the Audit Committee may engage an intermediary to provide professional advice on its decision at the cost of the Company.

Article 19. The procedures for convening a meeting, the method of voting and the resolutions passed at the meetings of the Audit Committee shall comply with the provisions of the relevant laws and regulations, the Articles of Association and these terms of reference.

Article 20. The Audit Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings, which shall be kept by the Secretary to the Board of the Company.

Article 21. The resolutions passed and the results of voting at the meeting of the Audit Committee shall be reported in writing to the Board of the Company.

Article 22. Members present at the meeting shall have an obligation to keep all matters discussed in such meetings confidential, and shall not disclose the relevant information without authorization.

Article 23. In case the major problems discovered by the Audit Committee

during the performance of their duties relates to the information disclosure standards stipulated in the listing rules of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, the Company shall promptly disclose such matters and their rectification. The Audit Committee shall give its opinions to the Board in respect of matters within its scope of duties. If the Board fails to adopt the matter, the Company shall disclose the matter and give sufficient reasons.

Article 24. The Company shall disclose the annual performance of the Audit Committee while publishing annual reports on the websites of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, mainly including the performance of its duties and convening of the meetings of the Audit Committee.

Article 25. Unless otherwise provided by the laws and regulations, the Audit Committee shall procure the internal audit department to conduct inspections in respect of the following matters at least once every six months, issue inspection reports and submit such reports to the Audit Committee. Any violation of the laws and regulations or operating irregularities of the Company identified during the inspections shall be promptly reported to the stock exchange:

(1) the implementation of significant events such as the Company's use of raised funds, provision of guarantees, connected transactions, securities investment and derivatives transactions, provision of financial assistance, purchase or sale of assets, and external investments;

(2) the Company's substantial capital transactions and the capital transactions with directors, senior management, controlling shareholders, de facto controllers and their related parties.

The Audit Committee shall issue evaluation opinions in writing in respect of the effectiveness of the internal control of the Company based on the internal audit report and relevant information submitted by the internal audit department, and report to the Board. In the event that the Board or the Audit Committee considers that there is a material defect or material risk in the internal control of the Company,

or that the sponsor or accounting firm identifies a material defect in respect of the effectiveness of the internal control of the Company, the Board shall report to the stock exchange and make disclosure in a timely manner. The Company shall disclose in an announcement the material defect or material risk identified in the internal control, consequences which have been or may be caused, as well as measures which have been or are intended to be taken.

Article 26. The Audit Committee of the Board is responsible for reviewing the Company's financials in accordance with the law, overseeing the legal and regulatory compliance of the directors and senior management in the performance of their duties, exercising other duties and powers stipulated in the Articles of Association, and protecting the legitimate rights and interests of the Company and its shareholders.

When the Audit Committee discovers that directors and senior management have violated the laws and regulations, relevant provisions of the stock exchange, or the Articles of Association, it shall notify the Board or report to the shareholders' general meeting and disclose it in a timely manner, or it may report directly to the regulatory agency.

In the process of fulfilling its supervisory duties, the Audit Committee may propose the removal of those directors and senior management who have violated the laws and regulations, other relevant provisions of the stock exchange, the Articles of Association, or resolutions passed by the shareholders' general meeting.

Chapter 6 Miscellaneous

Article 27. These terms of reference shall be effective on the date when the relevant resolution is passed by the Board. The Terms of Reference for the Audit Committee of the Board (2024-1) was repealed simultaneously.

Article 28. Any matters not covered by these terms of reference shall be implemented in accordance with relevant laws and regulations of the State, regulatory rules of the listing place and the Articles of Association of the Company.

Where there is a conflict between these terms of reference and future laws and regulations to be promulgated by the State, regulatory rules of the listing place or the Articles of Association of the Company as amended in accordance with legitimate procedures, these terms of reference shall be implemented in accordance with relevant laws and regulations of the State, regulatory rules of the listing place and the Articles of Association of the Company and corresponding amendments to these terms of reference must be submitted to the Board for consideration and approval in a timely manner.

Article 29. These terms of reference shall be subject to interpretation of the Board.