China Oilfield Services Limited

Terms of Reference for Remuneration and Assessment Committee of the Board

Chapter 1 General

Article 1. The Company has established the Remuneration and Assessment Committee of the Board (the "Remuneration Committee") and formulated these terms of reference pursuant to the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations, the Articles of Association of China Oilfield Services Limited and other relevant requirements in order to further establish a sound system for the assessment and remuneration management for the Directors and Senior Management of the Company and improve corporate governance structure.

Article 2. The Remuneration Committee is a professional working organ under the Board, which is primarily responsible for the formulation of the appraisal standards, carrying out the appraisal of the Directors and Senior Management of the Company as well as the formulation and examination of the remuneration policies and plans for the Directors and Senior Management of the Company. The Remuneration Committee shall be accountable to the Board.

Article 3. The reference of "Director" in these terms of reference shall mean all Directors who receive remuneration from the Company, whereas the term "Senior Management" refers to Chief Executive Officer (CEO), President, Chief Financial Officer (CFO), Vice President, Secretary of the Board and other Senior Management as specified under the Articles of Association.

Chapter 2 Composition

Article 4. The Remuneration Committee shall consist of four Directors while the majority of whom shall be independent non-executive Directors (hereinafter referred to as Independent Director).

Article 5. The Remuneration Committee shall have one chairman (convener) (hereinafter referred to as the Chairman of the Committee), who shall be an Independent Director and shall be in charge of the work of the Committee.

Article 6. The members and the chairman of the Remuneration Committee shall be nominated by the Nomination Committee of the Board and shall be elected by the Board.

Article 7. The term of office of the members of the Remuneration Committee shall be the same as his or her term of office of a Director. A member of the Remuneration Committee may serve consecutive terms if reelected upon the expiration of his or her term. Where a member ceases to be a Director of the Company during his or her term of office, he or she will be disqualified as a member of the Committee accordingly. The Board shall fill the vacancy pursuant to the above Article 4 to Article 6.

If a member of the Committee resigns from the Board before the expiration of his or her term of office, his or her written resignation report shall include the necessary explanation of the reasons for his or her resignation and the matters requiring the attention of the Board.

Article 8. The working group under the Remuneration Committee shall be specifically responsible for providing relevant operation information of the Company and the relevant information of the appraisee; as well as preparing the meetings of Remuneration Committee and implementing the relevant resolutions of the Remuneration Committee. The composition of the working group shall be recommended by the Management and reported to the Remuneration Committee for approval.

Chapter 3 Duties and Authorities

Article 9. The major duties and authorities of the Remuneration Committee are:

(1) To make recommendations on appraisal results and remuneration cashing proposals, formulate remuneration plan or proposal according to the duties, importance of the Directors and Senior Management and the salary level of relevant positions in the industry, and make recommendations to the Board on the remuneration of the Directors and Senior Management.

The remuneration plan or proposal mainly include but not limited to performance assessment criteria, procedures and major evaluation systems, major plans and systems of incentive and penalties.

(2) To formulate the particular remuneration packages of all executive Directors and Senior Management, which shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment and to make recommendations to the Board on the remuneration of the non-executive Directors.

(3) To review the performance of the Directors and Senior Management of the Company and conduct annual performance appraisal with reference to the business objectives set by the Board;

(4) To study the Company's salary income distribution system and plan. To supervise the implementation of remuneration system of the Company (including the stock option plan);

(5) To review and approve compensation payable to executive Directors and Senior Management for loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms; if not, that the compensation shall also be fair and not excessive;

(6) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent

with contractual terms; if not, that the compensation shall also be reasonable and appropriate;

(7) To ensure that no Director or any of his or her associates is involved in deciding his own remuneration;

(8) To formulate or modify stock incentive plan and employee share ownership plan, the granting of rights and benefits to incentive participants and the achievements of conditions for the exercise rights and benefits, and make recommendations to the Board;

(9) To make recommendations to the Board on the arrangement of share ownership plans for Directors and Senior Management in subsidiaries proposed to be spun off;

(10) To make recommendations to the Board on other matters as stipulated by the laws, regulations and the Articles of Association;

(11) To deal with other matters as authorized by the Board.

If the Board does not adopt or does not fully adopt the recommendations of the Remuneration Committee, it shall record the opinions of the Remuneration Committee and the specific reasons for its non-adoption in the resolutions of the Board and disclose the same.

Article 10. The Board shall have the right to reject any remuneration plan or proposal which is prejudicial to the interests of the shareholders.

Article 11. The remuneration plan of the Directors of the Company recommended by the Remuneration Committee shall only be implemented after it has been reported to and approved by the Board and considered and approved by the shareholders at a shareholders' general meeting. The remuneration distribution proposal for the Senior Management of the Company shall be reported to the Board for approval.

Article 12. The Chairman of the Remuneration Committee shall exercise the

following powers:

(1) To convene and chair Committee meetings.

(2) To report to the Board on behalf of the Committee on the deliberations of relevant resolutions.

(3) To advise and make recommendations to the Board on behalf of the Committee in making decisions.

(4) Such other authorities as may be delegated by the Board.

Chapter 4 Procedures of Decision-making

Article 13. The working group under the Remuneration Committee shall be responsible for the preliminary works for decision-making of the Remuneration Committee and shall provide the following relevant information of the Company:

(1) The Company's major financial indicators and the extent to which its operating targets have been achieved;

(2) The management scope and major duties of each of the Senior Management of the Company;

(3) The extent to which the performance targets set out under the performance evaluation system have been achieved by Directors and Senior Management;

(4) The relevant basis for establishing remuneration distribution plans and methods based on the Company's operating results.

Article 14. The process for the appraisal of the Directors and Senior Management by the Remuneration Committee are as follows:

(1) The Directors and Senior Management of the Company shall report their work and conduct self-evaluation to the Remuneration Committee;

(2) The Remuneration Committee shall conduct performance appraisal on the Directors and the Senior Management according to the standard and procedures for

performance appraisal;

(3) The Committee shall make recommendations on the amount of remuneration and manner of rewards to the Directors and Senior Management according to the results of performance appraisal and the remuneration distribution policy, which shall be reported to the Board upon approval.

Chapter 5 Rules of Proceedings

Article 15. The Remuneration Committee shall meet at least once every year. Seven days' notice shall be given to all members and attendees prior to the meeting. The meeting shall be chaired by the chairman, or, where the chairman is unable to attend the meeting, one of the members (Independent Director) as appointed by the chairman.

The notice of the meeting shall include the following:

(1) Date, venue, moderator and participants of the meeting.

(2) Manner of convening the meeting.

(3) Agenda of the meeting.

(4) The date of the notice, contact person and the contact information.

(5) Attached proposal materials, report materials and related explanatory materials.

Article 16. The Committee shall normally meet in a manner synchronized with Board meetings. The meetings of the Remuneration Committee shall only be held when more than two-thirds of members are present. Each member shall have one vote. Resolutions made at the meeting shall be passed by beyond half of all members. Save the force majeure factors, regular meetings of the Committee shall be held in the form of on-site meetings. In principle, impromptu meetings shall be held in the form of on-site meetings. In case of urgent matters and there is sufficient information available to the members, video conference, telephone conference or written materials shall also be used to consider the relevant resolutions respectively.

Article 17. Resolutions at the meetings of the Remuneration Committee shall be passed by show of hands or by poll. Impromptu meetings may be held through communication facilities.

Article 18. Members shall attend Committee meetings in person or may authorize other members in writing to express opinions on their behalf in special circumstances under which they are not able to attend the meeting in person. The proxy shall duly review the proposal materials in advance, form a clear opinion, and specify the scope of authorization, the opinions to be expressed on behalf of his or her principal and the authorization period in the power of attorney.

Except for special circumstances such as force majeure, the number of members attending the Remuneration Committee meetings shall not be less than three-quarters of the total number of meetings each year.

Article 19. The Committee meeting shall study and discuss matters within the scope of duties of the Remuneration Committee, and members shall express their opinions clearly and independently based on their own judgment.

The Committee shall not vote at meetings on matters for which it advises and makes recommendations to the Board, but shall endeavor to reach consensus. Where it is definitely difficult to reach consensus, the Committee shall submit different opinions to the Board and provide explanations.

Article 20. The Remuneration Committee may invite Directors, Senior Management, personnel of relevant business departments, social experts and representatives of external parties to attend its meeting when necessary to explain, provide consultation or express opinions on the resolutions.

Article 21. The Chairman of the Committee may organize relevant staff of the Company to conduct in-depth study on the content of the resolution if necessary. With the authorization of the Board, the Remuneration Committee may appoint external parties or experts to provide professional advice for its decision-making at the expense of the Company.

Article 22. Whenever matters in relation to a particular member are discussed at the meetings of the Remuneration Committee, such member shall abstain from the meetings. In the event that no valid consideration opinions can be formed due to abstention of member(s) of the Remuneration Committee, relevant matters shall be considered directly by the Board.

Article 23. The convening procedures, the method of voting and the remuneration policies and distribution plans passed at the meetings of the Remuneration Committee shall be in accordance with the relevant laws, regulations, the Articles of Association and the requirements in these terms of reference.

Article 24. The Remuneration Committee meeting shall keep meeting minutes and meeting documents such as the "Deliberation Opinions of the Remuneration and Assessment Committee of the Board".

In case of disagreement in the meeting opinions, it shall be recorded truthfully in the meeting documents. The meeting documents shall be true, accurate and complete, and shall be submitted to the Board after being signed by the participating members.

Article 25. The minutes of Remuneration Committee meetings shall include the date and venue of the meeting, the name of the moderator, the names of the members present, the attendance by proxy, the agenda and topics of the meeting, and the main points of the speeches of the members. Members and the Secretary of the Board present at the meeting shall sign the minutes of the meeting.

Article 26. The deliberations of the Remuneration Committee shall include the following contents:

(1) Date, venue, name of the members attending the meeting, attendance by proxy and persons present at the meeting.

(2) Matters for consideration.

(3) The form, procedure and process of consideration.

(4) Recommendations after consideration.

(5) Other matters requiring explanation and attention.

(6) Signature of the participating members.

Article 27. The minutes, deliberations, power of attorney and other meeting materials of the Committee shall be kept by the Secretary of the Board and shall be filed and kept in a timely manner on an annual basis in accordance with the Company's file management system.

Article 28. Members, persons who present at the meeting and other informed persons shall keep confidential all the proceedings at the meeting and shall not disclose any relevant information without authorization.

Chapter 6 Miscellaneous

Article 29. All references to “more than” in these articles shall be inclusive of the stated figure; all references to “beyond” shall be exclusive of the stated figure.

Article 30. These terms of reference shall be effective from the date on which the Board passes a resolution to approve the same.

Article 31. Any matters not covered by these terms of reference shall be implemented in accordance with the provisions of the relevant laws and regulations of the State and the Articles of Association. If these terms of reference conflict with any laws and regulations promulgated in China in the future or the Articles of Association as modified through procedures in compliance with laws, these terms of reference shall be implemented in accordance with the requirements of the relevant laws, regulations and the Articles of Association and shall be modified forthwith and reported to the Board for approval.

Article 32. The right to interpret these terms of reference shall reside in the Board of the Company.