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# COSL

CHINA OILFIELD SERVICES LIMITED

中海油田服務股份有限公司

*(Incorporated in the People's Republic of China as a joint stock limited liability company)*

**(Stock Code: 2883.HK)**

## ANNOUNCEMENT

The Board would like to seek from the shareholders of the Company a general mandate to issue long term bonds not exceeding an aggregate principal amount of RMB2,000 million.

**The proposed issue of the bonds may or may not take place, shareholders of the Company and public investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The board of directors (the “**Board**”) of China Oilfield Services Limited (the “**Company**”) would like to seek from the shareholders of the Company a general mandate to issue bonds not exceeding an aggregate principal amount of RMB2,000 million for a term of between 10 and 20 years. Pursuant to the Articles of Association of the Company, the issue of any bonds by the Company will require the approval of the Company’s shareholders by special resolution.

The principle terms of the bonds will be as follows:

Amount of bonds to be issued: not exceeding RMB2,000 million

Term: between 10 and 20 years

Conditions: the obtaining of the approval by the shareholders of the Company at an extraordinary general meeting to be convened, and the obtaining of the approvals or consent of:

- (a) the National Development and Reform Commission;
- (b) the People’s Bank of China; and
- (c) the China Securities Regulatory Commission.

Coupon rate: The final rate will be determined by the Board and will be in accordance with the prevailing market conditions at the time of the issue of the bonds and will be further subject to the final approval of the PRC regulatory authorities listed above. It is currently expected that the bonds will be of fixed rate, with interest payable on an annual basis.

Target subscribers: It is currently intended that the bonds will be issued in the PRC to qualified domestic institutional investors and/or PRC Citizens with valid personal identification documents (other than those prohibited from subscribing for the bonds under PRC laws and regulations.)

Proposed use of proceeds: It is expected that the proceeds from the bonds issue will be used by the Company for the building and upgrading of drilling rigs, the purchase and building of chemical tankers and oilfield working vessels, the upgrading of seismic vessels and building of liftboats and as general working capital of the Company.

Further details of the mandate for the proposed bonds issue and the notice of convening the extraordinary general meeting to grant to the Board a general mandate to issue bonds will be set out in the circular to be sent to the shareholders of the Company.

**The proposed issue of the bonds may or may not take place, shareholders of the Company and public investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**CHINA OILFIELD SERVICES LIMITED**  
**Chen Wei Dong**  
*Company Secretary*

Hong Kong, 15 December 2006.

*As at the date of this announcement the Directors of the Company are Mr. Fu Chengyu (Chairman and Non-executive Director), Mr. Yuan Guangyu (Executive Director), Mr. Li Yong (Executive Director), Mr. Wu Mengfei (Non-executive Director), Mr. Andrew Y. Yan (Independent Non-executive Director), Mr. Gordon C.K. Kwong (Independent Non-executive Director) and Simon X. Jiang (Independent Non-executive Director).*