



中海油田服务股份有限公司
China Oilfield Services Limited

(Incorporated in the People's Republic of China with limited liability)
(Stock Code: 2883.HK)

(1) PROPOSED A SHARE ISSUE,
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
(3) PROPOSED ADOPTION OF THE PROCEDURAL RULES

PROPOSED A SHARE ISSUE

The Board is pleased to announce that at a meeting of the Board held on 23 March 2007, it was resolved that, subject to the Shareholders' approval at the AGM and the Class Meetings, the Company shall apply to the relevant authorities in the PRC (the **"Relevant Authorities"**) for the allotment and issue of not more than 820,000,000 A Shares to (i) securities investment funds, securities companies, trust and investment companies, financial companies, insurance institutional investors and qualified foreign institutional investors satisfying the requirements of CSRC; and (ii) other institutional investors and public investors and other investors as approved by CSRC, by way of placing and/or public offering of new shares. The Company shall apply to the Shanghai Stock Exchange for the listing of such A Shares.

The proceeds from the A Share Issue are intended to be used for the purposes of building vessels and drilling and exploration equipments and as general working capital of the Company.

The A Share Issue is subject to approvals by (a) Shareholders at the AGM and the Class Meetings; and (b) the Relevant Authorities.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association are being proposed primarily as a result of the A Share Issue and to comply with applicable PRC laws and regulations. The amended Articles of Association will become effective upon completion of the A Share Issue and upon approval by the Relevant Authorities.

PROPOSED ADOPTION OF THE PROCEDURAL RULES

Pursuant to the relevant laws, rules, regulations and requirements of the CSRC, the Company has established the Procedural Rules for the Shareholders' meetings to regularise the functions and powers of, the procedures for the Shareholders' meetings and other related matters. Pursuant to the proposed A Share Issue, the relevant laws, rules and regulations, and the requirements of CSRC, the Company also proposed to establish the Procedural Rules for Board meetings and the Supervisory Committee meetings to regulate the power and functions of the Board and the Supervisory Committee and the procedures for the Board and Supervisory Committee meetings, respectively.

The above Procedural Rules are subject to Shareholders' approval at the AGM, and the obtaining of any approval, endorsement or registration (as applicable) from or with the Relevant Authorities.

There is no assurance that the A Share Issue will proceed. Investors are advised to exercise caution in dealing in the H Shares.

A. PROPOSED A SHARE ISSUE

1. Background

At the Board meeting held on 23 March 2007, it was resolved that the Company shall apply to the Relevant Authorities for the allotment and issue of not more than 820,000,000 A Shares to (i) securities investment funds, securities companies, trust and investment companies, financial companies, insurance institutional investors and qualified foreign institutional investors satisfying the requirements of CSRC; and (ii) other institutional and public investors and other investors as approved by CSRC, by way of placing and/or public offering of new shares. Such A Shares are proposed to be listed on the Shanghai Stock Exchange. It is expected that such investors will not include connected persons (as defined under the Listing Rules) of the Company. If any such investors include connected persons of the Company, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules.

2. Structure of the A Share Issue

Type of securities to be issued:	A Shares
Number of A Shares to be issued:	Not more than 820,000,000 A Shares. The final number of A Shares to be issued and the structure of the issue is subject to the approval by CSRC and other Relevant Authorities and the adjustments (if any) made by the Board as authorised by the Shareholders at the AGM
Nominal value:	RMB1.00 each
Rights attached to A Share:	The A Shares are listed Domestic Shares and except as otherwise provided for in the applicable laws, rules and regulations and the Articles of Association, will rank pari passu with the existing Domestic Shares and H Shares in all respects. Once the A Share Issue is completed, both new and existing Shareholders will be entitled to share the accumulated retained earnings at the time of the A Share issue
Target subscribers:	(i) securities investment funds, securities companies, trust and investment companies, financial companies, insurance institutional investors and qualified foreign institutional investors satisfying the requirements of CSRC; and (ii) other institutional investors and public investors and other investors as approved by CSRC, except for those prohibited under the PRC laws and regulations
Method of issue:	The issue will be conducted via a combination of public offer of new A Shares and/or private placement arrangements, placement through offline offering to investors as approved by CSRC (網下向詢價對象詢價配售) ("offline placement"), and placement through online subscription at issue price ("online offering"), or such other method as approved by CSRC
Basis for determining the issue price:	The issue price of the A Share Issue will be determined on the basis of market conditions, the condition prevailing in the PRC securities market at the time of the A Share Issue by way of customary market consultation and such other ways as approved by CSRC. Thus, the amount of funds to be raised from the A Share Issue cannot be confirmed at the date of this announcement
Use of proceeds:	It is currently intended that the majority of the funds raised from the A Share Issue will be used for the purposes of building vessels and drilling and exploration equipment, with the balance being used as general working capital of the Company.

3. Shareholders' Approval and other Approvals

- The AGM and the Class Meetings will be held on or about 6 June 2007 to consider and, if thought fit, approve, among other things, the A Share Issue and to authorise the Board:
- (a) to determine and deal with at its discretion and with full authority, matters relating to the A Share Issue (including but not limited to the specific timing of the issue, number of A Shares to be issued, offering mechanism, pricing mechanism, issue price, target subscribers, the number and proportion of A Shares to be issued to each subscriber, the engagement of advisers and underwriters and the granting of over-allotment option);
 - (b) to, at their discretion and with full authority, sign or execute all necessary documents (including but not limited to the preliminary offering circular, the prospectus, underwriting agreement, listing agreement and any related announcements), effect and carry out necessary formalities (including but not limited to procedures for listing of the A Shares on Shanghai Stock Exchange), and take all other necessary actions in connection with the A Share Issue, as well as to handle all registration requirements in relation to changes in the registered capital of the Company following the completion of the A Share Issue.

It should be noted that the A Share Issue, upon approval by the Shareholders at the AGM and at the Class Meetings, is still subject to the approval of the CSRC and other Relevant Authorities, if necessary. In addition, the approval of the Shanghai Stock Exchange as to the listing and dealings in the A Shares on the Shanghai Stock Exchange is also required. The approvals in respect of the A Share Issue, if obtained from Shareholders at the AGM, shall be effective for a period of 12 months from the date such approvals are obtained.

4. Reasons for and Benefits of the A Share Issue

The Company believes that the A Share Issue will establish a new financing platform for the Company and will broaden the Company's access to different securities markets. This will enable the Company to enhance the development of its operations and to further improve its competitiveness. Also, the Board believes that the A Share Issue will benefit the Company and the Shareholders as a whole.

5. Effect of the A Share Issue on the Company's shareholding structure

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the A Share Issue based on the assumption that an aggregate of 820,000,000 new A Shares will be issued under the A Share Issue:

	As at the date of this announcement		Immediately after completion of the A Share Issue	
	Number of Shares	%	Number of Shares	%
(1) Domestic Shares				
– Existing Domestic Shares issued	2,460,468,000	61.6	2,460,468,000	51.1
– A Shares to be issued	–	–	820,000,000	17.0
(2) H Shares	1,534,852,000	38.4	1,534,852,000	31.9
(3) Total number of Shares	3,995,320,000	100	4,815,320,000	100.0

B. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- Amendments to the Articles of Association are being proposed primarily as a result of the proposed A Share Issue and to comply with applicable PRC laws and regulations. The amended Articles of Association will become effective upon completion of the A Share Issue and upon approval by the Relevant Authorities. The proposed amendments deal with a number of areas, including:
- (a) alteration of the Company's registered capital and shareholding structure;
 - (b) regulations on the proceedings of Shareholders' general meetings;
 - (c) regulations on the election and appointment of Directors and Supervisors;
 - (d) regulations on the rights and obligations of the Shareholders, Directors, Supervisors and managers;
 - (e) provisions in relation to the rules and procedures of the Shareholders' meetings, Board meetings and Supervisory Committee meetings; and
 - (f) other provisions as required by any applicable laws and regulations for companies with A Shares in issue.

C. PROPOSED ADOPTION OF THE PROCEDURAL RULES

Pursuant to the relevant laws, rules and regulations and the requirements of CSRC, the Company has established the Procedural Rules for the Shareholders' Meetings to regularise the functions and powers of, the procedures for the Shareholders' meetings and other related matters. Pursuant to the proposed A Share Issue, relevant laws, rules and regulations, and the requirements of CSRC, the Company also proposed to establish the Procedural Rules for Board meetings and the Supervisory Committee meetings to regulate the power and functions of the Board and the Supervisory Committee and the procedures for the Board and the Supervisory Committee, respectively. The above Procedural Rules are subject to Shareholders' approval at the AGM, and the obtaining of any approval, endorsement or registration (as applicable) from or with the Relevant Authorities.

D. CIRCULAR

A circular containing, among other things, details of the proposed A Share Issue, the proposed amendments to the Articles of Association, the proposed adoption of the Procedural Rules, and the notice of the AGM and the Class Meetings will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:	
“AGM”	the annual general meeting of the Company to be held on or around 6 June 2007 to approve, inter alia, the A Share Issue
“A Shares”	the Domestic Shares, which are proposed to be listed on the Shanghai Stock Exchange
“A Share Issue”	the proposed issue of not more than 820,000,000 A Shares to institutional and public investors and other investors as approved by CSRC, by way of placing and/or public offering of new shares, which are proposed to be listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company from time to time
“Board”	the board of Directors of the Company
“Class Meetings”	the meetings of the Company for each class of holders of H Shares and Domestic Shares to be convened and held on 6 June 2007 to consider and approve the proposed A Share Issue
“Company”	China Oilfield Services Limited, a company incorporated in the PRC and shares of which are listed on the Hong Kong Stock Exchange
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Directors”	the directors of the Company
“Domestic Shares”	the ordinary shares of RMB1.00 each issued by the Company, which are subscribed for or credited as fully paid up in Renminbi
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People's Republic of China, excluding, for the purpose of this announcement only, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan
“Procedural Rules”	the Procedural Rules of the meetings of the Shareholders, Board and Supervisory Committee of the Company from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Domestic Shares and H Shares
“Shares”	Domestic Shares and H Shares
“Supervisors”	supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company

23 March 2007

As at the date of this announcement, the executive directors of the Company are Messrs. Yuan Guangyu and Li Yong; the non-executive directors of the Company are Messrs. Fu Chengyu and Wu Mengfei; and the independent non-executive directors of the Company are Messrs. Andrew Y. Yan, Gordon C.K. Kwong and Simon X. Jiang.

By order of the Board
China Oilfield Services Limited
Chen Weidong
Company Secretary