



**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)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Summary

On 18 October 2004, the Company entered into the Agreement with CNOOC regarding the Non-Exempt Continuing Connected Transactions for the period from 1 January 2005 to 31 December 2007.

CNOOC is a substantial shareholder of, and currently holding approximately 65% interest in the Company. Accordingly, CNOOC is a connected person of the Company under the Listing Rules. Transactions between the CNOOC Group and the Group constitute connected transactions for the Company under the Listing Rules. The Non-exempt Continuing Connected Transactions are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee comprising independent non-executive Directors has been formed to consider the terms of the Agreement and Quam has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders on, inter alia, the terms of the Agreement.

As more time is required to prepare the circular and to compile the utilization of the annual limit in the Existing Waiver and the projected figures for the New Proposed Annual Cap, the EGM will be postponed from 28 October 2004 to 5 November 2004. Other arrangements, including place and specific time of meeting, agenda for the meeting and record date of 28 October 2004 for the EGM, will remain unchanged.

A circular containing, among others, further details of the Agreement, a letter from the independent board committee, a letter of advice from the independent financial adviser and a notice for the adjourned EGM will be despatched to the Shareholders on 21 October 2004.

DETAILS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Agreement

Date of agreement:	18 October 2004
Parties:	(1) CNOOC (2) the Company
Subject:	Pursuant to the Agreement, the Group and CNOOC or other members of the CNOOC Group will enter into various transactions, details of the transactions are set out in this announcement under the section headed "Non-Exempt Continuing Connected Transactions".
Term:	The Agreement shall commence on 1 January 2005 and shall continue until 31 December 2007 (both dates inclusive).
Price:	The respective considerations for the transactions shall be based on the prevailing local market conditions and other factors, including, where appropriate, market demand, volume of sales, market rates for equipment, materials and accessories used, complexity of the technology required, associated labor costs as well as historical transactions and overall customer relationship.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

CNOOC is a substantial shareholder of, and currently holding approximately 65% interest in the Company. Accordingly, CNOOC is a connected person of the Company under the Listing Rules. Transactions between the CNOOC Group and the Group constitute connected transactions for the Company under the Listing Rules.

The following table sets out the connected transaction arrangements between the Group and the CNOOC Group prior to or at the time of the IPO and the annual limit in the Existing Waiver.

Non-Exempt Continuing Connected Transaction	Annual limit in the Existing Waiver
Provision by the Group of offshore oilfield services to CNOOC Group	In respect of each of the three years ending 31 December 2004, Rmb 2.10 billion, Rmb 2.94 billion and Rmb 4.12 billion, respectively.
Provision by Magcobar of offshore oilfield services to CNOOC Group	In respect of each of the three years ending 31 December 2004, Rmb 120 million, Rmb 144 million and Rmb 173 million, respectively.
Provision by CNOOC Group of materials, utilities, labour and ancillary support services to the Group	In respect of each of the three years ending 31 December 2004, Rmb 253 million, Rmb 317 million and Rmb 382 million, respectively.
Provision by CNOOC Group of materials, utilities, labour and ancillary support services to Magcobar	In respect of each of the three years ending 31 December 2004, Rmb 6 million, Rmb 8 million and Rmb 10 million, respectively.
Provision by CNOOC Group of office and production premises and related property management services to the Group (including Magcobar)	In respect of each of the three years ending 31 December 2004, Rmb 15 million, Rmb 20 million and Rmb 26 million, respectively.
Provision of depositary and transaction settlement services by CNOOC Finance Corporation Limited to the Group	10% of the Company's audited consolidated total turnover for the immediately preceding fiscal year in respect of its total daily outstanding deposits plus interest income.

The Directors expect that the Group will continuously enter into transactions with CNOOC Group, which will constitute Non-Exempt Continuing Connected Transactions, pursuant to the Agreement:

- Provision by the Group of offshore oilfield services to CNOOC Group;
- Provision by Magcobar of offshore oilfield services to CNOOC Group;
- Provision by CNOOC Group of materials, utilities, labour and ancillary support services to the Group;
- Provision by CNOOC Group of materials, utilities, labour and ancillary support services to Magcobar;
- Provision by CNOOC Group of office and production premises and related property management services to the Group (including Magcobar); and
- Provision of depositary and transaction settlement services by CNOOC Finance Corporation Limited to the Group.

Provision by the Group of offshore oilfield services to CNOOC Group

Since the establishment of CNOOC in 1982, the Company, including its predecessors, has been providing offshore oilfield services, including labour services, to CNOOC and its associates, including CNOOC Limited, in connection with their offshore oil and gas exploration, development and production activities. The Company's predecessors provided these offshore oilfield services on the basis of agreements they entered into with CNOOC and its associates. By virtue of the Restructuring, the Group has assumed the rights and obligations of such predecessors under these agreements with CNOOC and its associates, including CNOOC Limited. After the IPO, the Group and Magcobar have continued to offer their offshore oilfield services to CNOOC Group.

For the two years ended 31 December 2003 and the six-month period ended 30 June 2004, the Group earned gross revenue of approximately Rmb 1,762 million, Rmb 1,975 million and Rmb 1,333 million, respectively, for offshore oilfield services provided to CNOOC Group.

Provision by Magcobar of offshore oilfield services to CNOOC Group

For the two years ended 31 December 2003 and the six-month period ended 30 June 2004, Magcobar earned gross revenue of approximately Rmb 1 million, Rmb 13 million and Rmb 76 million, respectively, for well services provided to CNOOC Group.

Provision by CNOOC Group of materials, utilities, labour and ancillary support services to the Group

In the past, CNOOC Group provided the Group and Magcobar with various materials, utilities, labour and other ancillary services, including:

- warehousing and storage;
- supply and transportation of materials;
- communications services;
- wharf services (including loading, unloading, mooring, unmooring, cleaning and utility services);
- construction services (including road pavement and construction of wharf terminals, improvements, factories);
- medical care, child care and social welfare services;
- technical training (including vocational training, safety training, on-the-job training);
- accommodation and personnel transportation services;
- offshore facility monitoring, maintenance and repair services;
- catering services;
- use of property (including sites, equipment and facilities);
- insurance arrangements; and
- labour services.

After the IPO, CNOOC Group has continued to provide the Group and Magcobar with such materials, utilities, labour and other ancillary support services pursuant to a comprehensive service agreement with CNOOC and its associates.

For the two years ended 31 December 2003 and the six-month period ended 30 June 2004, the Group paid, in the aggregate, approximately Rmb 160 million, Rmb 95 million and Rmb 67 million, respectively, for materials, utilities, labour and other ancillary support services provided by CNOOC Group.

Provision by CNOOC Group of materials, utilities, labour and ancillary support services to Magcobar

For the two years ended 31 December 2003 and the six-month period ended 30 June 2004, Magcobar paid, in the aggregate, approximately Rmb 3 million, Rmb 3 million and Rmb 2 million, respectively, for materials, utilities, labour and other ancillary support services provided by CNOOC Group.

Provision by CNOOC Group of office and production premises and related property management services to the Group (including Magcobar)

The Group and Magcobar have leases with CNOOC Group relating to: (i) an aggregate gross floor area of approximately 92,000 square metres of premises and storage space and (ii) a piece of land of approximately 134,024 square metres, for office and production use and for living quarters.

For the two years ended 31 December 2003 and the six-month period ended 30 June 2004, the Group and Magcobar paid, in aggregate, approximately Rmb 8 million, Rmb 17 million and Rmb 16 million, respectively, for premises leased to the Group and Magcobar by CNOOC Group.

Provision of depositary and transaction settlement services by CNOOC Finance Corporation Limited to the Group

The Group has from time to time utilised the depositary and transaction settlement services available at CNOOC Finance Corporation Limited. These services comprised (i) depositing of funds by the Group with CNOOC Finance Corporation Limited; and (ii) settlement services provided by CNOOC Finance Corporation Limited for the transactions between the Group and the CNOOC Group.

For the two years ended 31 December 2003 and the six-month period ended 30 June 2004, the maximum daily balance plus interest for deposits

placed with CNOOC Finance Corporation Limited in respect of the above depositary and transaction settlement services amounted to Rmb 73 million, Rmb 255 million and Rmb 209 million, respectively.

REASONS FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Prior to the Restructuring and establishment of the Company, members of CNOOC Group and the Group operated as an integrated organisation which undertook numerous intra-group transactions each year. CNOOC is a substantial shareholder of and currently holding approximately 65% interest in the Company. CNOOC is a connected person of the Company under the Listing Rules. Transactions between the CNOOC Group and the Group constitute connected transactions for the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Non-Exempt Continuing Connected Transactions as referred to in the Circular are and will be conducted in the ordinary and usual course of business of the Group. These transactions will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Group. Due to the long-term relationship between the Group and CNOOC Group, the Board considers it beneficial to the Group to continue to enter into the Non-Exempt Continuing Connected Transactions as these transactions have facilitated and will continue to facilitate the operation and growth of the Group's business.

In determining the New Proposed Annual Cap, the Directors have taken into account the Company's projection and business plan for the coming three financial years. Given the dominant position of the CNOOC Group, one of the Group's major customers, in the offshore crude oil industry, the Directors are of the view that the Group will have significant potential opportunities for further expansion and development of its business and operations. To adjust the New Proposed Annual Cap to a lower level based on the historical utilisation of the Existing Waiver would limit the ability of the Group to seize future business opportunities in its ordinary and usual course, and may have adverse impact on the Group's potential growth.

The Company will seek the approval of the Independent Shareholders at the EGM of the Agreement and the respective caps in relation to the Continuing Connected Transactions that:

(a) The aggregate annual volume of transaction shall not exceed the proposed annual limits set out in the following table:

Non-Exempt Continuing Connected Transaction	New Proposed Annual Cap	Basis of determination of the New Proposed Annual Cap
Provision by the Group of offshore oilfield services to CNOOC Group	In respect of each of the three years ending 31 December 2007, Rmb 4,120 million, Rmb 5,768 million and Rmb 8,075 million, respectively.	As CNOOC and its associates continue to grow, the Group expects more opportunities to provide not only offshore oilfield services but also related services to CNOOC Group. The annual limits proposed were based on a targeted 40% growth in this category on an annual basis.
Provision by Magcobar of offshore oilfield services to CNOOC Group	In respect of each of the three years ending 31 December 2007, Rmb 208 million, Rmb 249 million and Rmb 299 million, respectively.	Similarly, Magcobar is expected to grow at a steady rate. The annual limits proposed were based on a targeted 20% growth in this category on an annual basis.
Provision by CNOOC Group of materials, utilities, labour and ancillary support services to the Group	In respect of the three years ending 31 December 2007, Rmb 382 million, Rmb 458 million and Rmb 550 million, respectively.	The Company expects the Group to grow at a steady rate. The annual limits proposed were based on a targeted 20% growth in this category on an annual basis.
Provision by CNOOC Group of materials, utilities, labour and ancillary support services to Magcobar	In respect of the three years ending 31 December 2007, Rmb 10 million, Rmb 13 million and Rmb 16 million, respectively.	The Company expects Magcobar to grow at a steady rate. The annual limits proposed were based on a targeted 25% growth in this category on an annual basis.
Provision by CNOOC Group of office and production premises and related property management services to the Group (including Magcobar)	In respect of the three years ending 31 December 2007, Rmb 36 million, Rmb 51 million and Rmb 71 million, respectively.	The Company expects the Group to grow at a steady rate. The annual limits proposed were based on a targeted 40% growth in this category on an annual basis.
Provision of depositary and transaction settlement services by CNOOC Finance Corporation Limited to the Group	In respect of the three years ending 31 December 2007, the lower of 40% of the audited consolidated total turnover of the Group for the immediately preceding fiscal year, or Rmb 1,048 million, Rmb 1,177 million and Rmb 1,323 million, respectively.	The new caps take into account the Group's business growth and are necessary for the Group to manage its funds more efficiently and to reduce its expense overlays.

- (b) (i) The Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Group than terms available from independent third parties; and
- (ii) The Non-Exempt Continuing Connected Transactions will be entered into in accordance with the Agreement and on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (c) Brief details of the Non-Exempt Continuing Connected Transactions will be disclosed in the Company’s next and each successive annual report, each accompanied with a statement of opinion of the independent non-executive Directors in such manner as referred to in paragraph (d) below;
- (d) The independent non-executive Directors will review annually the Non-Exempt Continuing Connected Transactions, and will confirm in the Company’s annual report for the financial year in question that the Non-Exempt Continuing Connected Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above;
- (e) The auditors of the Company will review annually the Non-Exempt Continuing Connected Transactions, and confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant period, during which the Non-Exempt Continuing Connected Transactions were conducted, stating that:
- (i) the Non-Exempt Continuing Connected Transactions have been approved by the Board;
- (ii) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the terms of the Agreement;
- (iii) the value of the Non-Exempt Continuing Connected Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and
- (iv) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the pricing policy of the Group,
- and where for whatever reasons, if the auditors of the Company decline to accept the engagement or are unable to provide the auditors’ letter, the Board will contact the Listing Division of the Stock Exchange immediately;
- (f) The Company will, and will procure CNOOC Group to, provide the auditors of the Company with full access to the relevant records of the Non-Exempt Continuing Connected Transactions for the purpose of the auditors’ review as referred to in paragraph (e) above; and
- (g) The Company will comply with the applicable provisions of the Listing Rules governing connected transactions or will apply for waiver from strict compliance with the relevant requirements in the event that the total amount of the Non-Exempt Continuing Connected Transactions exceeds the caps set out in paragraph (a) above, or that there is any material amendment to the terms of the Agreement.

The Company will comply with Rules 14A.35(1) and (2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

**GENERAL**

The Group is principally engaged in the provision of oilfield services including drilling services, well services, marine support and transportation services, and geophysical services offshore China.

An independent board committee comprising independent non-executive Directors has been formed to consider the terms of the Agreement and Quam has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders on, inter alia, the terms of the Agreement.

Whether or not the Shareholders are able to attend the meeting, the Shareholders are requested to complete and return the form of proxy attached to the Circular, in accordance with the instructions printed thereon as soon as possible in the case of a holder of domestic share(s) of the Company, to Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong

Kong in any event not less than 24 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the meeting should the Shareholders so desire.

**EGM**

The notice convening the EGM to be held at Multi-function Conference Room 3/F., CNOOC Plaza, No. 6, Dongzhimenwai Xiaojie, Beijing on 28 October 2004 at 10:00 a.m. was published and despatched to Shareholders on 24 August 2004. As more time is required to prepare the circular and to compile the historical utilization of the annual limit in the Existing Waiver and the projected figures for the New Proposed Annual Cap, the EGM will be postponed from 28 October 2004 to 5 November 2004. Other arrangements, including place and specific time of meeting, agenda for the meeting and record date of 28 October 2004 for the EGM, will remain unchanged.

A circular containing, among others, further details of the Agreement, a letter from the independent board committee, a letter of advice from the independent financial adviser and a notice for the adjourned EGM to approve (inter alia) the Agreement will be despatched to the Shareholders on 21 October 2004.

In accordance with Article 169 of the Articles of Association of the Company, any dividend approved by the EGM payable to H shareholders of the Company will be paid in Hong Kong dollars at the exchange rate, which is the mean of the average exchange rates for Hong Kong dollars announced by the People’s Bank of China during the week immediately prior to the scheduled EGM. CNOOC, which owns 65% of the issued capital of the Company, will abstain from voting in respect of the Agreement and the Non-Exempt Continuing Connected Transactions at the EGM pursuant to the Listing Rules.

As at the date of this announcement, the Board comprises seven members, Messrs. Yuan Guangyu and Wu Mengfei as executive directors; Messrs. Fu Chengyu and Wang Zhongan as non-executive directors; and Messrs. Andrew Y. Yan, Gordon C. K. Kwong and Simon X. Jiang as independent non-executive directors.

**DEFINITIONS**

“Agreement”	a master agreement entered into between the Company and the CNOOC Group on 14 October 2004, setting forth the basic terms of the Non-Exempt Continuing Connected Transactions, including the New Proposed Annual Cap
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CNOOC”	(China National Offshore Oil Corporation), a state-owned enterprise incorporated under the laws of the PRC on 12 February 1982, and the controlling shareholder of the Company
“CNOOC Group”	CNOOC and its subsidiaries and affiliates, excluding the Group
“CNOOC Finance Corporation Limited”	CNOOC Finance Corporation Limited, a company established in the PRC and a 62.9%-owned non-bank finance subsidiary of CNOOC
“CNOOC Limited”	中國海洋石油有限公司 (CNOOC Limited), a company incorporated on 20 August 1999 in Hong Kong under the Companies Ordinance with limited liability and a subsidiary of CNOOC
“Company”	中海油田服務股份有限公司 (China Oilfield Services Limited), incorporated in the PRC on 25 December 2001, and restructured into a joint stock limited liability company on 26 September 2002
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to approve, inter alia, the New Proposed Annual Cap and the Agreement

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

The Extraordinary General Meeting (“EGM”) of China Oilfield Services Limited (the “Company”) will be held on 5 November 2004 (Friday) at 10:00 a.m. at Multi-function Conference Room, 3/F., CNOOC Plaza, No. 6, Dongzhimenwai Xiaojie, Beijing for the following purposes:

By way of Ordinary Resolutions:

1. To consider and approve the distribution of 2004 special interim dividend.
2. To consider and approve the resolution regarding the cap amount of connected transactions from 1 January 2005 until 31 December 2007.

By way of Special Resolutions:

3. To approve the resolution regarding the amendment of the articles of association of the Company and to authorise the Board to file these amendments with the relevant departments of the People’s Republic of China upon approval.

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF COSL**

In accordance with the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company intends to make corresponding amendments to Articles 75, 97, 102 and 138. An additional amendment to Article 118 is also proposed. The proposals are as follows:

**Article 75**

The existing Article 75 be deleted in its entirety and replaced with the following:

“When shareholders (including proxies) vote at the shareholders’ general meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall have one (1) vote.

Where any shareholder is, under the Listing Rules, required to abstain from voting on a particular resolution or restricted to voting only in favour of or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”

**Article 97**

The existing Article 97 be deleted in its entirety and replaced with the following:

“Resolutions of a meeting of shareholders of different classes may be passed only by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 96 hereof.

Where any shareholder is, under the Listing Rules, required to abstain from voting on a particular resolution in a class meeting or restricted to

voting only in favour of or against any particular resolution in a class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”

**Article 102**

The existing Article 102 be deleted in its entirety and replaced with the following:

“Directors shall be elected at shareholders’ general meeting and serve a term of 3 years. A director may serve consecutive terms if re-elected upon the expiration of his term.

The period for lodgement of written notice of an intention to nominate a candidate of director and that of a willingness to accept the nomination by the candidate shall commence no earlier than the day after the despatch of the notice of the meeting for election of the relevant director and end no later than 7 days prior to the date of such meeting.

The chairman of the board and vice chairman (or vice chairmen) of the board shall be elected and removed by the approval of more than half of all the directors of the board. The chairman of the board and vice chairman (or vice chairmen) of the board shall serve a term of 3 years and may serve consecutive terms if re-elected upon the expiration of their terms.

Subject to compliance with relevant laws and regulations, any director may be removed by ordinary resolution before the expiry of his term of office (but without prejudice to any claim for damages under any contract).

Any person who has been appointed by the board of directors to fill up the temporary vacancy in the board of directors or to be an additional director shall serve a term lasting until the date of next annual shareholders’ general meeting and may serve consecutive terms if re-elected upon the expiration of his term.

Not more than 2 persons of the chairman of the board, vice chairman (or vice chairmen) of the board and executive directors of the Company may be senior management staff (chairman of the board, vice chairman and executive director) of the controlling organizations.

Directors need not be the shareholders of the Company.”

**Article 118**

In this Article, “ ... are eight vice presidents” be amended to “... are certain vice presidents”. Other content of this article shall remain unchanged.

**Article 138**

The existing Article 138 be deleted in its entirety and replaced with the following:

“A director, a supervisor, the general manager, a deputy general manager or other senior management staff of the Company shall not direct any of

“Existing Waiver”

“Group”  
“HKS”

“Independent Board Committee”

“Independent Shareholders”  
“IPO”

“Listing Rules”

“Magcobar”

“New Proposed Annual Cap”

“Non-Exempt Continuing Connected Transactions”

“PRC”

“Prospectus”

“Quam”

“Restructuring”

“Rmb”  
“Shareholder(s)”  
“Stock Exchange”

the waiver granted by the Stock Exchange on 8 November 2002 to the Company in respect of the Non-Exempt Continuing Connected Transactions between the Group and CNOOC Group, subject to the conditions set out in such waiver

the Company and its subsidiaries

Hong Kong dollars, the lawful currency of Hong Kong

an independent committee of the Board for the purpose of reviewing the Non-exempt Continuing Connected Transactions, which comprises Mr. Gordon C.K. Kwong, Mr. Andrew Y. Yan and Mr. Simon X. Jiang, all of whom are independent non-executive Directors

Shareholders other than CNOOC and its associates

the Initial Pubic Offering of the Company’s shares in the year 2002

the Rules Governing the Listing of Securities on the Stock Exchange

China Nanhai-Magcobar Mud Corp. Ltd., a Sino-foreign equity joint venture in which the Company holds a 60% equity interest and M-I Drilling Fluids Company, a party who is independent of, and not connected with the directors, supervisors, chief executive officers and substantial shareholders of the Company, its subsidiaries and their respective associates, holds a 40% equity interest

the proposed annual cap in respect of the Non-Exempt Continuing Connected Transactions for the three years ending 31 December 2007 and submitted to the Independent Shareholders for approval at the EGM

the non-exempt continuing connected transactions which are and will continue to be entered into between the Group and the CNOOC Group comprising the connected transactions which were the subject of the Existing Waiver

the People’s Republic of China

the prospectus dated 11 November 2002 issued by the Company relating to its IPO and the listing of its shares on the Stock Exchange

Quam Capital Limited, a deemed licensed corporation under the SFO to conduct types 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

the restructuring of CNOOC Group of companies and their respective businesses now forming part of the Group , with effect from 25 December 2001 , the details of which are set out in the Prospectus

Renminbi, the lawful currency of the PRC

the holder(s) of the shares of the Company

The Stock Exchange of Hong Kong Limited

By Order of the Board of  
中海油田服務股份有限公司  
**CHINA OILFIELD SERVICES LIMITED**  
**Chen Weidong**  
*Company Secretary*

Beijing, the PRC, 20 October 2004

As at the date of this announcement, the Board comprises seven members, Messrs. Yuan Guangyu and Wu Mengfei as executive directors; Messrs. Fu Chengyu and Wang Zhongan as non-executive directors; and Messrs. Andrew Y. Yan, Gordon C. K. Kwong and Simon X. Jiang as independent non-executive directors.

his associates (which shall have the same meaning as in the Listing Rules) to do such things or take such actions that such director, supervisor, general manager, deputy general manager or other senior management staff is not allowed to do under any applicable law or regulation, the Articles of Association of the Company or otherwise.”

By order of the Board  
**Chen Weidong**  
*Company Secretary*

Hong Kong, 24 August 2004 (Amended 20 October 2004)

Notes:

- (1) Holders of the Company’s overseas listed foreign invested shares (in the form of H Shares) whose names appear on the Company’s Register of Members maintained by Computershare Hong Kong Investor Services Limited on 28 October 2004 (Thursday) and representative of China National Offshore Oil Corporation, as holder of the domestic shares of the Company, are entitled to attend and vote at the EGM.
- (2) Shareholder of the Company who has the right to attend and vote at the meeting is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the EGM. Where a shareholder has appointed more than one proxy to attend the EGM, such proxies may only vote on a poll or a ballot. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing. In case that an appointer is a legal person, the power of attorney must be either under the common seal of the legal person or under the hand of its director or other person, duly authorized. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarially certified. For holders of H Shares, the power of attorney or other documents of authorization and proxy forms must be delivered to the Company’s registered office at 65/F, Bank of China Tower, 1 Garden Road, Hong Kong, no less than 24 hours before the time appointed for the holding of the EGM in order for such documents to be valid.
- (3) The Company’s Register of Member will be closed from 28 September 2004 (Tuesday) to 28 October 2004 (Thursday) (both days inclusive), during which time no transfer of shares will be registered. Transferees of H Shares who wish to attend the EGM and qualify for entitlement to the 2004 interim dividend referred to above must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited by no later than 4:00 p.m. on 27 September 2004 (Monday) for completion of the registration of the relevant transfer in accordance with the Articles of Association of the Company.

Computershare Hong Kong Investor Services Limited’s address is as follows:  
46th Floor, Hopewell Centre  
183 Queen’s Road East  
Wanchai  
Hong Kong

- (4) Shareholders or their proxies must present proofs of their identities upon attending the EGM. Should a proxy be appointed, the proxy must also present copies of his/her Proxy Form, copies of appointing instrument and power of attorney, if applicable.

- (5) The EGM is expected to last not more than one day. Shareholders or proxies attending the EGM are responsible for their own transportation and accommodation expenses.