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**Sinopec Oilfield Service Corporation**

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

**(Stock code: 1033)**

## **Announcement on Provision for Impairment of Long-term Equity**

### **Investments**

On 18 March 2025, Sinopec Oilfield Service Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) held the 7th meeting of the 11th session of the board of directors and the 4th meeting of the 11th session of the board of supervisors and considered and approved the resolution on the provision for impairment of long-term equity investments, details of which are set out below:

#### **1. Information of the Provision for Impairment of Long-term Equity Investments**

Mexico DS Company (“**DS Joint Venture**”), a joint venture established by Sinopec International Petroleum Services Corporation, a wholly-owned subsidiary of the Company (the “**IPSC**”), and DIAVAZ DEP, S.A.P.I. de C.V. recorded a loss of RMB72.69 million in 2024, which was an apparent impairment indicator. IPSC used the equity method to account for DS Joint Venture. According to the relevant requirements of the Accounting Standard for Business Enterprises No. 8 – Asset Impairment, the International Accounting Standard No.36 – Asset Impairment, the Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments

and the International Accounting Standard No.28 – Long-term Equity Investments, where there is any indication that an asset is impaired, its recoverable amount should be estimated. The recoverable amount should be determined based on the higher of the net value of the fair value of assets less costs of disposal and the current value of estimated future cash flow of assets. Where the recoverable amount as determined is lower than its carrying amount, the carrying amount of such asset should be written down to its recoverable amount. The reduced amount is recognized as an asset impairment loss and accounted for as loss item for the current period, with corresponding provision for such asset impairment.

The EBANO oilfield project operated by DS Joint Venture suffered a loss in mid-2024, as a result of a tight funding chain caused by Party A’s internal difficulties, which in turn led to lower capital recovery and a fall in production of the downstream enterprise DS Joint Venture. In order to reflect the financial condition and results of operation objectively, on a prudent basis, IPSC commissioned asset appraisal companies to perform impairment test on the recoverable amount of shareholders’ equity of the DS Joint Venture. After assessment, the recoverable amount is lower than its carrying value of RMB274 million. On a prudent basis, IPSC recorded a provision of RMB274 million for the impairment of “long-term equity investments – DS Joint Venture”.

## **2. Effect on the Financial Position of the Company in relation to Making Provision for Impairment of Long-term Equity Investments**

IPSC made provision for impairment of long-term equity investments will accordingly reduce the total profit by RMB274 million in the Group’s consolidated statements in 2024 and the impact on the net profit attributable to shareholders of the Company amounts to RMB274 million.

The provision for impairment of long-term equity investments complies with the relevant requirements of Accounting Standards for Business Enterprises, the accounting policy and the internal control system of the Company. The Company made the provision on a prudential principle which gives a true and fair view of the asset

value of the Group. The decision-making procedures for the provision for impairment of long-term equity investments comply with the requirements of applicable laws. It complies with the relevant rules and regulations of China Securities Regulatory Commission, Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited and also reflected the actual conditions of the Company.

By Order of the Board

**Shen Zehong**

*Company Secretary*

Beijing, PRC, 18 March 2025

*As at the date of this announcement, the Board of Directors comprises Mr. Wu Baizhi#, Mr. Zhang Jiankuo#, Ms. Zhang Lili+, Mr. Du Kun+, Mr. Xu Keyu+, Mr. Zheng Weijun\*, Mr. Wang Pengcheng\* and Ms. Liu Jiangning\*.*

# Executive Director

+ Non-Executive Director

\* Independent Non-Executive Director