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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 Using Reserves to Offset Losses**

This announcement is made by Sinopec Oilfield Service Corporation (the “**Company**”) pursuant to the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Cap. 571, Law of Hong Kong) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) and all its directors guarantee that, this announcement does not contain any false information, misleading statement or material omission, and severally and jointly accept legal responsibility for the authenticity, accuracy and completeness of the contents of this announcement.

In order to thoroughly implement the spirit of the State Council’s Several Opinions on Strengthening Regulation, Preventing Risks and Promoting High-Quality Development of the Capital Market and the relevant provisions of Opinions on Strengthening the Supervision of Listed Companies (Trial) issued by the China Securities Regulatory Commission (the “**CSRC**”), and in accordance with the requirement to enhance the stability, sustainability and predictability of cash dividends of Several Opinions on Improving and Strengthening the Market Value Management of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council, the Company and its subsidiaries proposed to use reserves to offset losses in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Ministry of Finance’s Notice on Financial Treatment Issues Following the Implementation of the New Company Law and the Foreign Investment Law (Cai Zi [2025] No. 101), and other laws, regulations and regulatory documents. The initiative aims to proactively promote the Company’s high-quality development, enhance investor returns, protect legitimate interests of investors, and further promote the Company’s fulfillment of the profit distribution conditions stipulated in the relevant laws and regulations and the Articles of Association of Sinopec Oilfield Service Corporation (the “**Articles of Association**”).

At the seventh meeting of the audit committee of the eleventh Board held by the Company on 15 August 2025, as well as the ninth meeting of the eleventh Board and the sixth meeting of the eleventh supervisory committee held by the Company on 18 August 2025, respectively, the Proposal on the Company’s Use of Reserves to Offset Losses was reviewed and approved. The

proposal is subject to the first extraordinary general meeting in 2025 of the Company for consideration. Details are hereby announced as follows:

### **I. Basic Information for Using Reserves to Offset Losses**

According to the Audit Report issued by BDO China Shu Lun Pan CPAs (LLP), as at 31 December 2024, the parent company's accumulated undistributed profits was RMB -1,820.779 million, surplus reserve was RMB 200.383 million (of which statutory surplus reserve was RMB 200.383 million and discretionary surplus reserve was RMB 0), and capital reserve was RMB 11,334.10 million.

In accordance with the Company Law, the Notice by the Ministry of Finance of Issues Concerning Financial Treatments of Enterprises after the Implementation of the New Company Law and Foreign Investment Law (Cai Zi [2025] No. 101), and other relevant laws, regulations and regulatory documents, the Company proposed to use, in sequence, the parent company's surplus reserve of RMB 200.383 million and capital reserve of RMB 1,620.396 million, totaling RMB 1,820.779 million, to offset the accumulated losses of the parent company. The use of reserves to offset losses is limited to offsetting the negative undistributed profits of the Company as of the end of 2024 to zero.

The capital reserve to be used to offset the parent company's losses arises from the capital (share capital) premium generated by shareholders' contributions in cash, equity, etc. It is not exclusive to specific shareholders or designated for restricted purposes.

### **II. Principal Causes of the Losses**

The parent company's accumulated losses of the Company primarily arise from two aspects: (1) continuation of cumulative losses of RMB 1,445 million from Sinopec Yizheng Chemical Fibre Co., Ltd. (the Company's former name) during its existence when the Company completed listing in 2014 by using the predecessor company's platform; and (2) the sharp decline in oil prices in 2016 and the global downturn in the oilfield services industry, which led to the Company's losses for two consecutive years. In recent years, the Company has continued to expand markets, reduce costs and improve efficiency, resulting in a steady increase in profitability and enabling it to pay cash dividends and possess a solid foundation for long-term dividend distribution.

### **III. Impacts of Using Reserves to Offset Losses on the Company**

Upon completion of the plan to use reserves to offset losses, the parent company of the Company's surplus reserve will be reduced to RMB 0, capital reserve will be reduced to RMB 9,713.704 million, and the parent company's accumulated undistributed profits will be reduced to RMB 0.

The Company's implementation of the plan to use reserves to offset losses will enable the Company to fulfill profit distribution conditions stipulated in relevant laws and regulations and the Articles of Association, enhance investor returns, and support the Company's high-quality development.

### **IV. Procedures of Consideration**

The plan of using reserves to offset losses has been approved by the seventh meeting of the audit committee of the eleventh Board, the ninth meeting of the eleventh Board, and the sixth meeting of the eleventh supervisory committee of the Company. However, the plan can only be implemented upon approval at the Company's first extraordinary general meeting in 2025, and thus is subject to uncertainty. Investors are advised to pay attention to the investment risks.

By order of the Board  
**Shen Zehong**  
Company Secretary

Beijing, PRC, 18 August 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. Zheng Weijun\*, Mr. Wang Pengcheng\* and Ms. Liu Jiangning\*.*

*# Executive Director*

*+ Non-Executive Director*

*\* Independent Non-Executive Director*