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

(Incorporated in the People's Republic of China as a joint stock limited liability company)
(Stock Code: 2883)

ANNOUNCEMENT PROVISIONS FOR ASSETS IMPAIRMENT

This announcement is made by China Oilfield Services Limited (the “**Company**”) pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

By the approval of the board of directors (the “**Board**”) and the supervisory committee (the “**Supervisory Committee**”) of the Company, the Company will make provisions for assets impairment in 2021. The details of the proposal are as follows:

I. OVERVIEW OF THE PROVISIONS FOR ASSETS IMPAIRMENT

1. Reasons of provisions for assets impairment

Affected by the impact of multiple factors such as the continuous global COVID-19 pandemic, fluctuation in the international oil and gas industry, and accelerated transformation of the energy industry, international oil companies remain prudent in the investment in oil and gas exploration and development. The oversupply of the international oilfield service market has limited improvement and the competition in international oilfield service remains intense. The operating prices and utilization rate of some large-scale equipments of the Company are at low levels and there are signs of impairment. In accordance with the Accounting Standards for Business Enterprises

No. 8 – Impairment of Assets and the Hong Kong Financial Reporting Standards No. 36 – Impairment of Assets, the Company performed impairment test on assets that have impairment indication by the end of 2021.

2. Particulars of provisions for assets impairment

Strictly according to relevant rules of the accounting standards, the Company performed impairment test on fixed assets. The Company estimates the recoverable amount of assets 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. The Company will recognize provisions for impairment for the shortfall between the recoverable amount and the carrying value of assets.

The estimated future cash flow of the drilling rigs is determined based on the Company's estimation of relevant data such as rig utilization rate, daily fee rate, estimated expenses and capital expenditures by assessing future market trends. The discount rate applied is the Company's long-term weighted average cost of capital. The net value of the fair value of the assets less costs of disposal was determined according to market price valuation reports issued by relevant assets brokerage companies. The Company has made provisions of approximately RMB2.01 billion for assets impairment.

3. Impact of provisions for assets impairment on the Company's financial position

The provisions for assets impairment will reduce the Company's total profit for 2021 by approximately RMB2.01 billion.

II. EXPLANATION OF THE PROVISIONS FOR ASSETS IMPAIRMENT FROM THE BOARD

The Board considers that the provisions for assets impairment are based on the principle of prudence with sufficient justifications, are genuine and fair reflection of the Company's financial position and the value of assets and give its consent to the provisions for assets impairment.

III. OPINIONS ON THE PROVISIONS FOR ASSETS IMPAIRMENT FROM THE SUPERVISORY COMMITTEE

The Supervisory Committee considers that the decision-making procedure for the provisions for assets impairment complies with the relevant requirements under the laws, regulations and the articles of association of the Company and is with sufficient justifications. The provisions for assets impairment are in compliance with the Accounting Standards for Business Enterprises, the Hong Kong Financial Reporting Standards and the Company's accounting policies and the actual situation of the Company. It fairly reflects the actual conditions of the Company's assets. The Supervisory Committee gives its consent to the provisions for assets impairment.

IV. INDEPENDENT OPINIONS ON THE PROVISIONS FOR ASSETS IMPAIRMENT FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors of the Company consider that the provisions for assets impairment are in compliance with the relevant provisions of the Accounting Standards for Business Enterprises, the Hong Kong Financial Reporting Standards and the Company's accounting policies. It fairly reflects the assets value of the Company, ensures the normal operation of the Company, and is harmless to the legitimate interests of the Company and its medium and minority shareholders. The independent non-executive directors give their consent to the provisions for assets impairment.

V. EXPLANATION OF OTHER MATTERS

The above data are only preliminary accounting data of the Company and are unaudited by auditors. The specific and accurate financial data is subject to the audited 2021 annual report officially disclosed by the Company. Shareholders and potential investors of the Company are hereby reminded of the investment risks.

By Order of the Board
China Oilfield Services Limited
Sun Weizhou
Joint Company Secretary

25 January 2022

As at the date of this announcement, the executive directors of the Company are Messrs. Zhao Shunqiang (Chairman) and Yu Feng; the non-executive directors of the Company are Messrs. Wu Wenlai and Liu Zongzhao; and the independent non-executive directors of the Company are Messrs. Wong Kwai Huen, Albert, Lin Boqiang and Ms. Chiu Lai Kuen, Susanna.