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ANTON 安東

安東油田服務集團

Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

Announcement

Operational Update on the First Quarter of 2022 and Outlook for the Second Quarter of 2022

The Board of Directors (the “**Board**”) of Anton Oilfield Services Group (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the operational update and order backlog for the three months from 1 January to 31 March 2022 (the “**Quarter**”).

OPERATIONAL OVERVIEW OF THE FIRST QUARTER OF 2022

During the Quarter, geopolitical conflicts further strained worldwide energy supply, and international oil prices soared to over USD130 per barrel at one point. With elevated oil prices and supply shortages, oil companies have increased capital expenditures and accelerated capacity expansion. The industry faced new development opportunities. In light of the booming market, the Group further implemented the “Brand New Anton” development strategy, carried out the multi-entity management policy, and actively sourced high-quality orders with an asset-light business model, while vigorously promoting innovation among all employees to identify new business opportunities and adopt new business models in various market sectors to achieve breakthrough development for the whole year.

ORDERS IN THE FIRST QUARTER OF 2022

In the Quarter, the Group won new orders of approximately RMB1,572.0 million, an increase of 22.9% compared to the same period last year. In particular, new orders in the China market were about RMB963.9 million, an increase of 55.2% compared to the same period last year; new orders in the Iraq market were about RMB286.2 million, a decrease of 46.2% compared to the same period last year; and new orders in other overseas markets were about RMB321.9 million, an increase of 155.9% compared to the same period last year.

In the domestic market, the Group has actively applied sustainable development principles to new business development and has adopted an innovative business model in a project involving natural gas purification and the operation and maintenance of the external transmission line in Sichuan, where the Group supplies the related natural gas purification facilities, purification services, transmission, and operation and maintenance services. The total contract value is estimated at approximately RMB450.0 million. The commissioning of this project is expected to be on October this year, with a service term of 5 years. In addition, the Group made a new breakthrough in the provision of precise engineering services around its core competency of reservoir geology, winning an order of over RMB80.0 million. The Group will rely on its Reservoir Geology Research Center and leverage its leading geological expertise to provide integrated geological engineering services to help its clients achieve cost reduction and efficiency gains. In terms of conventional technical services, the Group continued to secure orders for drilling tool leasing, inspection, and downhole operations in the Xinjiang and southwest markets.

In overseas markets, the Group seized the opportunity of demand recovery in its principal market of Iraq and vigorously sourced asset-light orders for oilfield management, oilfield operation and maintenance, and inspection services. In other overseas markets, the Group successfully completed the renewal of its integrated oilfield development and management project in Chad, where it continues to provide high-quality and efficient oilfield management services to the client. Additionally, the Group made its first inroad into the Algerian market by securing orders for oilfield supervision and management services. During the Quarter, among the new orders from overseas markets, oilfield management orders amounted to approximately RMB470.0 million.

ORDER FULFILLMENT IN THE FIRST QUARTER OF 2022

During the Quarter, the Group accelerated the execution of backlogged orders across all its major markets. In the domestic market, during the Quarter, the Group further implemented the “lean executions” mandate to help customers improve resource development efficiency and maximize the value of reservoir assets through high-quality project execution. The execution of relevant projects in the Group’s southwest market also accelerated. Overseas, in the Iraqi market, the capacity construction had been accelerated along with the surge in oil price and the shortage in global energy supply, which drove our revenue growth in this region. In February, the Group officially took over the operation and management of the Al-Ahdeb oilfield CPF stations thanks to its long track record of high-caliber, highly-efficient, and world-class services and became the top contractor in this oilfield, the Group will continue to provide integrated station management services to the client. In other overseas markets, the Group’s integrated oilfield management project in Chad achieved the milestone of two million safe manhours without lost time incident during the Quarter. In the same period, the Group has maintained a full workload for drilling fluid and directional drilling projects, while drilling tool inspection projects and directional drilling projects in other overseas markets such as Pakistan have progressed smoothly.

The Group has no business in Russia or Ukraine, and the Group’s business operations are not impacted by the Russian-Ukrainian conflict.

As at 31 March 2022, the Group had an order backlog of approximately RMB8,500.3 million. In particular, the order backlog in the China market was approximately RMB4,184.2 million, accounting for approximately 49.2% of the Group's total order backlog; order backlog in the Iraqi market was approximately RMB3,493.9 million, accounting for approximately 41.5% of the Group's total order backlog; in other markets, order backlog was approximately RMB791.7 million, accounting for approximately 9.3% of the Group's total order backlog.

Note: Order backlog is the estimated work volume available for future execution as at a certain date, based on the judgment and calculation by management with reference to the contracts and agreements entered into between the Group and clients. Order backlog is reduced through the execution of orders, and it may be subject to adjustment by management due to unexpected changes in market conditions.

MANAGEMENT UPDATE IN THE FIRST QUARTER OF 2022

In the first quarter, the Group actively sought business development on the back of strong industry growth momentum, and it further improved the efficiency of internal operations management through a series of managerial reforms and optimizations. During the Quarter, the Group continued to build an open community enabled by information technology in its ongoing effort to become a decentralized and agile organization, as well as an enabling and sharing platform with powerful features to fully authorize and empower small teams and stimulate their productivity. In addition, the Group adopted the OKR method in full, setting aspirational goals across the organization and bringing all hands on deck to achieve such goals and break new ground.

In terms of ESG, the Group has actively fulfilled its commitment to sustainable development. On the environmental dimension, the Group helped its clients increase efficiency and reduce emissions through technological innovation. Concerning the social dimension, the Group continued to empower and upskill its workforce through information technology; during the Quarter, the Group provided diverse knowledge and skills trainings to employees through the "Anton Academy" online training platform to help them grow continuously.

OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2022

Oil and gas supply will likely remain tight for a prolonged period due to the Russian-Ukrainian conflict. We expect our main customers in the middle east will continue to accelerate the pace of capacity construction. In China market, regions like Xinjiang and Erdos will fully end their winter break of some projects and speed up project execution. The Group will also gather its power to fully promote the execution of orders on hand in both overseas and domestic markets according to its high requirements and standards of "lean execution".

On the aspect of markets, in the overseas, the Group will mainly strive for breakthroughs in key markets with international oil companies and continue to explore market opportunities in Algeria and Australia. In the China market, the Group will continue to focus on natural gas projects while vigorously developing new businesses. The Group will further build on its core geological technologies to secure high-quality, asset-light project orders.

In terms of products and technologies, the Group will further implement its multiple separate business entities strategy with the goal of maximizing resource value for its clients and driving the independent and efficient growth of its various business entities. Meanwhile, the Group will further encourage employee innovation and promote technological iteration of each product line with geological technology at the core, while rolling out new businesses including the “industry information services” to develop a future-proof business portfolio.

In terms of ESG considerations, the Group will officially release its “2021 Sustainability Report” in the second quarter and will continue to benchmark towards international norms with the goal of becoming a model of excellence in the industry. It will make unremitting efforts to fulfill the corporate vision of, “efficient and harmonious development between humanity and the environment,” and to achieve sustainable development.

The above statements are based on the current operations of the Group and current market conditions, and are not a warranty of the Group’s performance. The Group’s performance mainly depends on market conditions and the broader financial environment.

Disclaimer

- *The above-mentioned information on operational updates is unaudited and is based on preliminary internal information of the Group. Due to various uncertainties arising from the contract signing process, execution progress, and client plans, etc., such information may differ from the Group’s periodic financial disclosures. Therefore, the quarterly operational updates in this announcement only serve the purpose of periodic reference.*
- *The above-mentioned quarterly operational updates do not constitute, nor should they be construed as, invitations or solicitations to buy or sell any securities or financial instruments of the Group, nor are they intended as an offer of any investment services or advice. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.*

By order of the Board
Anton Oilfield Services Group
LUO Lin
Chairman

Hong Kong, 13 April 2022

As at the date of this announcement, the executive Directors of the Company are Mr. LUO Lin, Mr. PI Zhifeng, and Mr. FAN Yonghong; the non-executive Director is Mr. HUANG Song; and the independent non-executive Directors are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping, and Mr. WEE Yiau Hin.