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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- The Group's consolidated revenue increased by 18.8%, from RMB1,421.3 million in the first half of 2021 to RMB1,688.0 million in the same period of 2022.
- Profit attributable to the equity holders of the Company increased significantly by 111.9%, from RMB42.8 million in the first half of 2021 to RMB90.7 million in the same period of 2022.
- The Company's net operating cash inflow increased substantially by 244.1%, from a net inflow of RMB93.2 million in the first half of 2021 to RMB320.7 million in the same period of 2022.

RESULTS

The Board of Directors (the "**Board**") of Anton Oilfield Services Group (the "**Company**") wishes to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2022 (hereinafter referred to as the "**First Half**", or "**Reporting Period**") and the comparable figures for the same period of 2021 as follows.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022
(Amounts expressed in thousands of Renminbi ("RMB"), unless otherwise stated)

	Note	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,947,013**	1,997,604
Right-of-use assets		**107,136**	103,469
Goodwill		**242,004**	242,004
Intangible assets		**285,178**	285,479
Interest in a joint venture		**2,104**	2,706
Interests in associates		**2,094**	4,018
Prepayments and other receivables		**67,374**	55,017
Deferred income tax assets		**27,285**	19,140
		2,680,188	2,709,437
Current assets			
Inventories		**926,190**	944,959
Trade and notes receivables	*5*	**2,276,906**	2,096,280
Contract assets		**21,313**	20,699
Prepayments and other receivables		**868,838**	789,912
Restricted bank deposits		**445,274**	414,892
Cash and cash equivalents		**1,150,929**	1,173,186
		5,689,450	5,439,928
Total assets		**8,369,638**	8,149,365
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**276,274**	276,274
Reserves		**2,591,265**	2,411,146
		2,867,539	2,687,420
Non-controlling interests		**137,743**	140,741
Total equity		**3,005,282**	2,828,161

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2022
(Amounts expressed in thousands of Renminbi ("RMB"), unless otherwise stated)

	Note	**As at 30 June 2022 *(Unaudited)***	As at 31 December 2021 *(Audited)*
LIABILITIES			
Non-current liabilities			
Long-term bonds		**983,022**	929,984
Long-term borrowings		**95,659**	48,152
Lease liabilities		**18,522**	8,236
Deferred income tax liabilities		**9,658**	9,748
		1,106,861	996,120
Current liabilities			
Short-term borrowings		**852,602**	718,125
Current portion of long-term bonds		**941,160**	1,164,144
Current portion of long-term borrowings		**501**	83,195
Trade and notes payables	*6*	**1,606,842**	1,525,467
Accruals and other payables		**598,836**	599,158
Lease liabilities		**17,512**	24,426
Contract liabilities		**23,144**	33,400
Current income tax liabilities		**216,898**	177,169
		4,257,495	4,325,084
Total liabilities		**5,364,356**	5,321,204
Total equity and liabilities		**8,369,638**	8,149,365

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	**Six months ended 30 June 2022 (Unaudited)**	2021 *(Unaudited)*
Revenue			
Contracts with customers	*7*	**1,553,965**	1,355,117
Rental	*7*	**134,061**	66,190
Total revenue	*7*	**1,688,026**	1,421,307
Cost of sales	*8*	**(1,171,776)**	(982,873)
Gross profit		**516,250**	438,434
Other gains, net		**21,509**	13,104
Impairment losses under expected credit loss model, net of reversal	*8*	**(16,564)**	(40,569)
Selling expenses	*8*	**(72,885)**	(71,034)
Administrative expenses	*8*	**(110,941)**	(91,153)
Research and development expenses	*8*	**(36,733)**	(19,858)
Sales tax and surcharges		**(5,937)**	(6,531)
Operating profit		**294,699**	222,393
Interest income		**12,903**	6,220
Finance expenses		**(143,945)**	(115,449)
Finance costs, net	*9*	**(131,042)**	(109,229)
Share of loss of a joint venture		**(602)**	(447)
Share of profit of associates		**93**	–
Profit before income tax		**163,148**	112,717
Income tax expense	*10*	**(74,623)**	(69,324)
Profit for the period		**88,525**	43,393
Profit/(loss) attributable to:			
Owners of the Company		**90,697**	42,821
Non-controlling interests		**(2,172)**	572
		88,525	43,393
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*11*	**0.0313**	0.0146
– Diluted	*11*	**0.0311**	0.0144

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Profit for the period	**88,525**	43,393
Other comprehensive (expense)/income, net of tax:		
Items that may be reclassified subsequently to profit or loss		
Net investment hedge	**(91,572)**	16,703
Financial instruments measured at fair value through other comprehensive income	**4,177**	4,325
Currency translation differences	**181,159**	(75,919)
Other comprehensive income/(expense) for the period, net of tax	**93,764**	(54,891)
Total comprehensive income/(expense) for the period	**182,289**	(11,498)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	**184,461**	(12,070)
Non-controlling interests	**(2,172)**	572
	182,289	(11,498)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Net cash generated from operating activities	**320,705**	93,246
Net cash used in investing activities	**(63,238)**	(61,182)
Net cash used in financing activities	**(304,206)**	(256,039)
Net decrease in cash and cash equivalents	**(46,739)**	(223,975)
Cash and cash equivalents at beginning of the period	**1,173,186**	879,085
Exchange gain/(loss) on cash and cash equivalents	**24,482**	(3,534)
Cash and cash equivalents at end of the period	**1,150,929**	651,576

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2022
(Amounts expressed in thousands of RMB, unless otherwise stated)

1. GENERAL INFORMATION

Anton Oilfield Services Group (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are mainly engaged in providing oilfield technology services, manufacturing and trading of related products in the People's Republic of China (the "PRC") and other overseas countries. The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 December 2007.

The directors of the Company (the "Directors") regard Pro Development Holdings Corp., a company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company, which is controlled by Mr. Luo Lin, the Company's controlling shareholder.

This unaudited condensed consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendment to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendment to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendment to IFRS Standards	*Annual Improvements to IFRS Standards 2018-2020*

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

The chief executive officer, president, executive vice presidents and the Directors are the Group's chief operating decision makers (the "CODM"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's reportable segments are entity or group of entities that offer different products and services, which is the basis by which the CODM make decisions about resources to be allocated to the segments and assesses their performance. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

In 2021, in order to optimise resource allocation and achieve efficient synergy, the CODM assess performance of reportable segments from the previous three of "drilling technology services", "well completion service" and "oil production services" into four new segments as "oilfield technical services", "oilfield management services", "drilling rig services" and "inspection services".

Oilfield technical services cover the full life cycle of oil and gas development, including geological technology, drilling technology, well completion and stimulation technology as well as asset leasing services for the industry.

Oilfield management services are the asset management services the Group provides to the oil companies worldwide, featured with profound capacity and light-asset. The services include integrated field management services, production capacity construction, development management, field operation and maintenance, etc.

Drilling rig services provide customers with services which require rigs, including drilling and workover services.

Inspection services provide customers with various assets inspection, detections and repairing services together with digital and intelligent transformation solutions, assisting our customers to assure asset security and to achieve energy saving, efficiency lifting, and environment protection.

All of the four reportable segments include a number of direct service provision operations in various cities in China and overseas countries, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into four single reportable segments based on their sharing of similar economic characteristics, including similar nature of the services and products, type of customers for their services and products and the method used to provide their services and distribute their products.

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies in the Group's consolidated financial statements for the year ended 31 December 2021. The CODM evaluate the performance of the operating segments based on the profit or loss before income tax expense, certain depreciation and amortisation, interest income, finance expenses, share of loss of a joint venture and share of profit of associates, asset impairment provisions and corporate overheads ("EBITDA") and the reconciliation of EBITDA to profit or loss. The corporate overheads and corporate assets are the general management expenses incurred and assets held by the headquarters of the Group.

	Oilfield technical services	**Oilfield management services**	**Drilling rig services**	**Inspection services**	**Total**
Six months ended 30 June 2022 (Unaudited)					
Revenue	**782,551**	**525,698**	**250,178**	**129,599**	**1,688,026**
EBITDA	**220,310**	**208,942**	**82,176**	**54,225**	**565,653**
Depreciation and amortisation	**(118,000)**	**(3,989)**	**(29,599)**	**(5,103)**	**(156,691)**
Impairment provision of					
– Trade receivables, net of reversal	**(8,773)**	**(3,103)**	**(2,518)**	**(2,170)**	**(16,564)**
– Inventories	**(7,669)**	**(464)**	**(1,290)**	**–**	**(9,423)**
Interest income	**588**	**764**	**299**	**510**	**2,161**
Finance expenses	**(9,531)**	**(2,908)**	**(2,676)**	**(1,281)**	**(16,396)**
Share of loss of a joint venture	**(602)**	**–**	**–**	**–**	**(602)**
Share of profit of associates	**93**	**–**	**–**	**–**	**93**
Income tax expense	**(24,120)**	**(31,029)**	**(11,302)**	**(8,172)**	**(74,623)**
Segment results	**52,296**	**168,213**	**35,090**	**38,009**	**293,608**
Unallocated corporate overheads					**(205,083)**
Profit for the period					**88,525**

	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services	Total
Six months ended 30 June 2021 (Note) (Unaudited)					
Revenue	647,497	485,251	179,233	109,326	1,421,307
EBITDA	213,380	195,256	71,076	42,688	522,400
Depreciation and amortisation	(120,768)	(4,244)	(27,253)	(6,769)	(159,034)
Impairment provision of					
– Trade receivables, net of reversal	(33,754)	(2,847)	(1,891)	(2,077)	(40,569)
– Inventories	(8,854)	(536)	(1,489)	–	(10,879)
Interest income	132	1,634	30	54	1,850
Finance expenses	(8,825)	(2,011)	(2,089)	(818)	(13,743)
Share of loss of a joint venture	(447)	–	–	–	(447)
Income tax expense	(20,412)	(35,872)	(8,596)	(4,444)	(69,324)
Segment results	20,452	151,380	29,788	28,634	230,254
Unallocated corporate overheads					(186,861)
Profit for the period					43,393

Note:

The segment information for the six months ended 30 June 2021 has been restated according to the new segment presentation for the year ended 31 December 2021.

	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services	Total
As at 30 June 2022 (Unaudited)					
Segment assets	**3,985,023**	**981,262**	**902,748**	**374,494**	**6,243,527**
Segment assets include:					
Capital expenditures incurred in the period	**40,208**	**3,181**	**8,956**	**4,002**	**56,347**
As at 31 December 2021 (Audited)					
Segment assets	3,977,983	867,121	811,823	339,897	5,996,824
Segment assets include:					
Capital expenditures incurred in the year	188,128	14,372	39,333	10,817	252,650

Disclosure of liabilities has not been included here because these liabilities balances are not allocated to segments.

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2022 ***(Unaudited)***	As at 31 December 2021 *(Audited)*
Assets for reportable segments	**6,243,527**	5,996,824
Corporate assets for general management	**2,126,111**	2,152,541
Total assets	**8,369,638**	8,149,365

The Group allocates revenue on the basis of the location in which the sales are originated.

Geographical Information

	Revenue		**Non-current assets**	
	Six months ended 30 June		**As at**	As at 31
	2022	2021	**30 June 2022**	December 2021
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Audited)*
PRC	**753,209**	706,048	**1,736,846**	1,788,601
Republic of Iraq ("Iraq")	**720,034**	506,319	**722,893**	717,840
Other countries	**214,783**	208,940	**193,164**	183,856
Total	**1,688,026**	1,421,307	**2,652,903**	2,690,297

Client information

During the period, revenues of approximately RMB1,019,090,000 (six months ended 30 June 2021: RMB771,695,000) were derived from two (six months ended 30 June 2021: two) external customers, which contributed 43.08% and 17.29% to the total revenue, respectively (six months ended 30 June 2021: 32.45% and 21.84%). These revenues were mainly attributable to oilfield technical services and oilfield management services segments (six months ended 30 June 2021: oilfield technical services and oilfield management services segments).

5. TRADE AND NOTES RECEIVABLES

	As at 30 June 2022 *(Unaudited)*	As at 31 December 2021 *(Audited)*
Trade receivables, net (a)		
– contracts with customers	**2,061,069**	1,916,216
– lease receivables	**124,500**	42,934
	2,185,569	1,959,150
Notes receivable (e)	**91,337**	137,130
	2,276,906	2,096,280

Notes:

(a) Aging analysis based on the invoice date:

	As at 30 June 2022 *(Unaudited)*	As at 31 December 2021 *(Audited)*
1 – 6 months	**1,323,121**	981,349
6 months – 1 year	**399,289**	374,286
1 – 2 years	**179,831**	304,689
2 – 3 years	**154,617**	149,209
Over 3 years	**128,711**	149,617
	2,185,569	1,959,150

(b) Most of the trade receivables are with credit terms of one year or less. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables.

(c) As at 30 June 2022, trade receivables of RMB305,531,000 (31 December 2021: RMB222,786,000) were pledged as security for short-term borrowings of RMB312,520,000 (31 December 2021: RMB212,288,000).

(d) Allowance for impairment of trade receivables

	Six months ended 30 June 2022 *(Unaudited)*	2021 *(Unaudited)*
As at 1 January	**314,381**	268,490
Addition	**42,344**	40,569
Reversal	**(25,780)**	–
As at 30 June	**330,945**	309,059

During this interim, there was a reversal of RMB25,780,000 based on the latest development with a credit impaired trade debtor.

For impairment assessment on trade receivables subject to expected credit loss model, the basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

(e) As at 30 June 2022, total notes receivable amounting to RMB91,337,000 (31 December 2021: RMB137,130,000) are held by the Group as settlement of corresponding trade receivables. Notes receivable was measured at fair value through other comprehensive income. All notes receivable held by the Group are with a maturity period of less than one year.

6. TRADE AND NOTES PAYABLES

	As at 30 June 2022	As at 31 December 2021
	(Unaudited)	*(Audited)*
Trade payables	**558,168**	591,566
Notes payable	**1,048,674**	933,901
	1,606,842	1,525,467

Aging analysis of trade and notes payables at the reporting date was as following:

	As at 30 June 2022	As at 31 December 2021
	(Unaudited)	*(Audited)*
Less than 1 year	**1,439,150**	1,360,747
1 – 2 years	**60,356**	61,602
2 – 3 years	**48,522**	54,011
Over 3 years	**58,814**	49,107
	1,606,842	1,525,467

7. REVENUE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Sales of goods	**143,632**	19,259
Provision of services	**1,410,333**	1,335,858
Rental	**134,061**	66,190
	1,688,026	1,421,307

Disaggregation of revenue

Segments	For the six months ended 30 June 2022 Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	**140,639**	**–**	**–**	**2,993**
Provision of services	**507,851**	**525,698**	**250,178**	**126,606**
Total	**648,490**	**525,698**	**250,178**	**129,599**
Geographical markets				
PRC	**307,664**	**1,275**	**192,838**	**117,371**
Iraq	**217,038**	**444,340**	**51,715**	**6,941**
Other countries	**123,788**	**80,083**	**5,625**	**5,287**
Total	**648,490**	**525,698**	**250,178**	**129,599**
Timing of revenue recognition				
A point in time	**648,490**	**–**	**250,178**	**129,599**
Over time	**–**	**525,698**	**–**	**–**
Total	**648,490**	**525,698**	**250,178**	**129,599**

Set out below is the reconciliation of the revenue from contracts with customers with segment information.

Segments	For the six months ended 30 June 2022 Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers *(Note 4)*	**782,551**	**525,698**	**250,178**	**129,599**
Rental income	**(134,061)**	**–**	**–**	**–**
Revenue from contracts with customers	**648,490**	**525,698**	**250,178**	**129,599**

Segments	For the six months ended 30 June 2021 Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	19,259	–	–	–
Provision of services	562,048	485,251	179,233	109,326
Total	581,307	485,251	179,233	109,326
Geographical markets				
PRC	371,391	5,167	160,689	102,611
Iraq	116,829	379,407	6,241	3,842
Other countries	93,087	100,677	12,303	2,873
Total	581,307	485,251	179,233	109,326
Timing of revenue recognition				
A point in time	581,307	–	179,233	109,326
Over time	–	485,251	–	–
Total	581,307	485,251	179,233	109,326

Set out below is the reconciliation of the revenue from contracts with customers with segment information.

	For the six months ended 30 June 2021 Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers *(Note 4)*	647,497	485,251	179,233	109,326
Rental income	(66,190)	–	–	–
Revenue from contracts with customers	581,307	485,251	179,233	109,326

8. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Materials and services purchased	**488,128**	371,116
Staff costs	**425,662**	368,003
In which:		
– Salaries and other staff expenses	**418,797**	345,820
– Share-based compensation	**6,865**	22,183
Depreciation	**166,488**	169,481
In which:		
– Property, plant and equipment	**149,204**	148,316
– Right-of-use assets	**17,284**	21,165
Less: Capitalised in inventories	**(23,188)**	(19,610)
	143,300	149,871
Amortisation of intangible assets	**23,097**	21,283
Less: Capitalised in inventories	**(3,811)**	(3,223)
	19,286	18,060
In which:		
– Cost of sales	**17,575**	16,198
– Administrative expenses	**457**	457
– Selling expenses	**15**	9
– Research and development expenses	**1,239**	1,396
Other operating expenses	**332,523**	298,437
In which:		
– Impairment of receivables	**16,564**	40,569
– Impairment of inventories	**9,423**	10,879

9. FINANCE COSTS, NET

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Interest expenses		
– on borrowings	**(24,985)**	(26,933)
– on bonds	**(90,699)**	(78,452)
– on lease liabilities	**(1,177)**	(2,382)
	(116,861)	(107,767)
Exchange (loss)/gain, net	**(8,688)**	8,165
Others	**(18,396)**	(15,847)
Finance expenses	**(143,945)**	(115,449)
Interest income	**12,903**	6,220
	(131,042)	(109,229)

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Current income tax		
– PRC enterprise income tax	**31,215**	11,763
– Iraq corporate income tax	**48,904**	44,426
– Others	**2,739**	5,556
Deferred income tax	**(8,235)**	7,579
	74,623	69,324

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

For the Company's PRC subsidiaries, enterprise income tax is provided on estimated taxation profits at applicable tax rate of 25% (2021: 25%), except for certain subsidiaries which have applied preferential tax rates of 15%.

The corporate income tax of Iraq entities is levied at the higher of 7% on the total turnover and 35% on the net taxable profit. Entities registered in United Arab Emirates are exempted from income tax.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Profit attributable to the owners of the Company (RMB'000)	**90,697**	42,821
Weighted average number of ordinary shares in issue (thousands of shares)	**2,899,313**	2,935,422
Basic earnings per share (expressed in RMB per share)	**0.0313**	0.0146

Note:

The effect of treasury shares has been included in the calculation of weighted average number of ordinary shares in issue.

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume exercise of all dilutive potential ordinary shares. For the period ended 30 June 2022 and 2021, the only dilutive factor of the Company was the outstanding unvested restricted shares.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for both period ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	*(Unaudited)*
Profit attributable to the owners of the Company (RMB'000)	**90,697**	42,821
Weighted average number of ordinary shares in issue (thousands of shares)	**2,899,313**	2,935,422
Adjustments for the effect of restricted share award scheme (thousands of shares)	**16,873**	28,500
Weighted average number of ordinary shares for computation of diluted earnings per share (thousands of shares)	**2,916,186**	2,963,922
Diluted earnings per share (expressed in RMB per share)	**0.0311**	0.0144

12. DIVIDENDS

The Directors have determined that no dividend will be paid in respect of the current interim period (Six months ended 30 June 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the First Half, oil and gas demand further recovered around the globe. Oil prices soared due to a supply shortfall resulting from years of subdued capital expenditure in major oil- and gas-producing regions around the world. Under such market conditions, oil companies increased their capital expenditures to drive capacity expansion and production growth. The oil and gas industry entered a new upward cycle.

Under such favorable market environment, the Group seized the opportunity to actively promote business development with strong growth momentum. Overseas, in the Iraqi market, with the successful restart of our second drilling rig in May, the Group's projects in this market, which were previously delayed due to COVID have been fully resumed. Meanwhile, as our customers vigorously build new capacities and intensify resource development, the Group has actively participated in and continued to win bids for high-quality technical service contracts, such as oilfield operation and maintenance services, stimulation technology and operations, and inspection services. In the Chinese market, the government's 14th Five-Year Plan for a modern energy system clearly states the need to improve strategic energy security, enhance oil and gas supply capacities, and increase domestic oil and gas exploration and development. At the same time, the government has committed to both conventional and non-conventional energy sources; to actively expand the exploration and development of non-conventional resources; and to accelerate the development of shale oil, shale gas, and coal-bed methane. In this context, the Group fully leveraged its technological strengths to help oil company customers with resource development, while actively implementing sustainability principles and pursuing business model innovation. The Chinese market achieved 80.8% growth in new orders during the First Half, laying a solid foundation for subsequent growth. In other overseas markets, the Group maintained stable operation of its oilfield management project in Chad and successfully concluded the renewal of the management service contract. Additionally, the Group entered the Algerian market for the first time, winning an order for asset-light oilfield supervision and management services. Overall, emerging markets have shown buoyant upstream oil and gas development activity and broad prospects for growth.

In terms of management, in the face of strong industry growth and while actively expanding its business, the Group further enhanced operational and management efficiency through a series of managerial reforms and optimizations. During the Reporting Period, the Group implemented the OKR methodology across the organization, set aspirational goals, and motivated its entire workforce to focus on the goals to drive transformational growth. Additionally, the Group prudently responded to the potential risk of global inflation and the associated cost increases. It further strengthened supplier management and harnessed the Group's platformization advantages to select the top suppliers for strategic partnerships to counter inflationary risks. The Group continued its rigorous cost control while optimizing management processes to achieve continuous gains in management efficiency. In the First Half, the Group's profit attributable to the equity holders of the Company increased 111.9% over the same period of 2021, and its net operating cash flow hit a new milestone with an increased inflow of RMB227.5 million compared to the same period in 2021.

In terms of debt management, bond prices experienced volatility due to broader market conditions. In this market climate, the Company adopted a nimble approach to debt management to ensure debt security. In the First Half, the Group made further repurchases of the USD300,000,000/7.5% senior notes due December 2022 (the "**2022 Bonds**") through the secondary market. As at 30 June 2022, the Group had repurchased additionally USD43,205,000 of the 2022 Bonds from the secondary market. Upon successful cancellation of all the repurchased bonds, the balance of the 2022 Bonds will be reduced to USD134,382,000, representing approximately 44.8% of the bonds' total initial principal.

In terms of environmental, social, and governance (ESG) considerations, the Group continued to uphold its vision of becoming "a model for the efficient and harmonious development of humanity and the environment" and further improved its sustainability framework in all aspects. During the Reporting Period, the Group formulated a long-term plan to address climate change, formally announced the abatement target of "achieving 60% reduction in GHG emissions per unit of revenue by 2030 compared with the base year (2019), and achieving carbon neutrality and net zero emissions by 2060", and achieved commendable results in decarbonization during the year. We continued to protect and enable our employees, and we further improved our corporate social responsibility by formulating and publishing our Human Resources Social Responsibility Policy. We also further improved our cultural system and established systems and processes related to transformation and innovation.

Performance Results

For the First Half, the Group's revenue totaled RMB1,688.0 million, representing an increase of RMB266.7 million, or 18.8%, from the first half of 2021. The Group's operating profit was RMB294.7 million, representing an increase of RMB72.3 million, or 32.5%, from RMB222.4 million for the corresponding period in 2021. Net profit was RMB88.5 million, a substantial increase of 103.9% from RMB43.4 million in the same period of 2021. Profits attributable to equity holders of the Company was RMB90.7 million, representing an increase of RMB47.9 million, or 111.9%, from RMB42.8 million in the corresponding period in 2021. The net profit margin attributable to equity holders of the Company was 5.4%.

As at 30 June 2022, the Group's accounts receivable balance was approximately RMB2,185.6 million, and the average accounts receivable turnover was 221 days, representing a decrease of 20 days as compared to the same period last year; the average inventory turnover was 144 days, representing a decrease of 26 days as compared to the same period last year; the average account payables turnover was 88 days, representing a decrease of 10 days as compared to the same period last year. Operating cash flow was RMB320.7 million, a significant increase of RMB227.5 million from RMB93.2 million in the same period last year.

Geographical Market Analysis

In the First Half, the Group's revenue from the overseas markets amounted to RMB934.8 million, representing an increase of RMB219.5 million, or 30.7%, from RMB715.3 million in the corresponding period in 2021, and its share of the Group's total revenue was 55.4%. In breakdown, revenue from Iraq was RMB720.0 million, an increase of RMB213.7 million, or 42.2%, from RMB506.3 million in the corresponding period in 2021 and accounted for 42.7% of the Group's total revenue. Revenue from other overseas markets was RMB214.8 million, representing an increase of RMB5.8 million, or 2.8%, from RMB209.0 million in the corresponding period in 2021 and accounting for 12.7% of the Group's total revenue. Revenue from the domestic market was RMB753.2 million, representing an increase of RMB47.2 million, or 6.7%, from RMB706.0 million for the corresponding period of 2021 and accounting for 44.6% of the Group's total revenue.

Breakdown of Revenue by Market

	Six months ended 30 June			% of the Group's total revenue Six months ended 30 June	
	2022	2021	Change	**2022**	2021
	(RMB Mn)	*(RMB Mn)*	*(%)*	***(%)***	*(%)*
Overseas	**934.8**	715.3	30.7%	**55.4%**	50.3%
Domestic	**753.2**	706.0	6.7%	**44.6%**	49.7%
Total	**1,688.0**	1,421.3	18.8%	**100.0%**	100.0%

Overseas Markets

	Six months ended 30 June			% of the Group's total revenue Six months ended 30 June	
	2022	2021	Change	**2022**	2021
	(RMB Mn)	*(RMB Mn)*	*(%)*	***(%)***	*(%)*
Iraq	**720.0**	506.3	42.2%	**42.7%**	35.6%
Other overseas	**214.8**	209.0	2.8%	**12.7%**	14.7%
Total	**934.8**	715.3	30.7%	**55.4%**	50.3%

Overseas Markets

Iraq

In the First Half, due to a global supply shortfall and the sharp rise in oil prices, capacity expansion in this region accelerated, driving the rapid growth of the Group's business in Iraq. On the marketing front, the Group seized the market recovery opportunity and vigorously pursued high-quality orders in oilfield management, oilfield operation and maintenance, inspection, and stimulation technology services. In the Al-Ahdeb oilfield, thanks to its multi-year track record of high-quality, high-efficiency, and world-class services, the Group officially took over the site operation and management of the oilfield in February as the biggest contractor in the oilfield and continues to provide integrated site management services to the customer. In terms of order execution, the Group's integrated large-scale oilfield management project in southern Iraq maintained smooth and efficient operations during the Reporting Period. In the Halfaya oilfield, the Group resumed the operation of a drilling rig in May that had previously been suspended due to COVID. With that, the Group has fully resumed all its projects in this market that were previously delayed due to the pandemic, and this is expected to drive the Group's revenue growth in the Iraqi market for the whole year.

In the First Half, the Group obtained new orders of approximately RMB588.3 million in total in the Iraqi market. The Group renewed the mega contract of integrated management services at the Majnoon oilfield project in the same period of 2021, which significantly expanded the comparable total order book; therefore, in pure year-over-year terms, new orders in the Iraqi market in the First Half decreased by 65.4% compared to the same period last year, but in terms of market momentum, the Iraqi market has shown an encouraging trend of significantly outperforming in the same period last year. In the First Half, the Iraqi market recorded revenue of approximately RMB720.0 million, up approximately 42.2% from RMB506.3 million in the same period last year.

Other Overseas Markets – Global Emerging Markets

In the First Half, with persistently-high oil prices and active oil and gas development in global emerging markets, the Group actively sought out business opportunities in emerging markets. In the First Half, the Group's projects in these markets mainly concerned asset-light oilfield management, supervision and management, and inspection services. In Chad, the Group successfully completed the renewal of its integrated oilfield development and management contract to continue offering high-quality and efficient oilfield management services to its customer. Additionally, the Group made its first inroad into the Algerian market by securing service orders for oilfield supervision and management and well completion.

In the First Half, the Group's new orders in other overseas markets reached a total value of RMB440.2 million, representing an increase of 30.2% compared to the same period last year. In the First Half, the Group recorded revenue of approximately RMB214.8 million from other overseas markets, up approximately 2.8% from RMB209.0 million in the same period last year.

Domestic Market

In the First Half, the Chinese government's 14th Five-Year Plan for a modern energy system clearly articulated the objectives to improve strategic energy security, enhance oil and gas supply capacities, and increase domestic oil and gas exploration and development. Under this plan, natural gas production is projected to grow rapidly, reaching at least 230 billion m^3 by 2025. At the same time, China will actively expand the exploration and development of non-conventional resources and accelerate the development of shale oil, shale gas, and coal-bed methane.

In the face of booming market opportunities, the Group actively leveraged its technological advantages to assist its customers in the development of oil and gas resources. Through our Center for Reservoir Geology Studies, we provide our customers with integrated geo-engineering expertise to help them reduce costs, increase efficiency, and maximize asset value. Meanwhile, the Group actively implemented the principles of sustainable development and achieved business model innovation. In the First Half, the Group undertook a natural gas purification and transport operation and maintenance service contract in Sichuan to provide the customer with facilities and services related to natural gas purification, transport, and operation and maintenance services. The project is expected to start execution in October this year, with a contract performance term of five years and an estimated contract value of approximately RMB450.0 million.

In the First Half, the Group received new orders of approximately RMB1,841.9 million in China, representing a substantial increase of approximately 80.8% from RMB1,018.7 million in the same period last year, and the order portfolio was further optimized in favor of asset-light project services. The Chinese market recorded revenue of approximately RMB753.2 million in the First Half, up 6.7% from RMB706.0 million in the same period last year.

Business Cluster Analysis

During the Reporting Period, the Group's revenue from the inspection services cluster amounted to RMB129.6 million, representing an increase of approximately 18.6% over the first half of 2021 and accounting for 7.7% of the Group's total revenue in the First Half. Revenue from the oilfield management services cluster amounted to RMB525.7 million, representing an increase of approximately 8.3% over the first half of 2021 and accounting for 31.1% of the Group's total revenue in the First Half. Revenue from the oilfield technical services cluster amounted to RMB782.5 million, representing an increase of approximately 20.8% over the first half of 2021 and accounting for 46.4% of the Group's total revenue in the First Half. Revenue from the drilling services cluster amounted to RMB250.2 million, representing an increase of approximately 39.6% over the first half of 2021 and accounting for 14.8% of the Group's total revenue in the First Half.

Revenue Breakdown by Cluster

	Six months ended 30 June			% of the Group's total revenue Six months ended 30 June	
	2022	2021	Change	**2022**	2021
	(RMB Mn)	*(RMB Mn)*	*(%)*	*(%)*	*(%)*
Inspection services cluster	**129.6**	109.3	18.6%	**7.7%**	7.7%
Oilfield management services cluster	**525.7**	485.3	8.3%	**31.1%**	34.1%
Oilfield technical services cluster	**782.5**	647.5	20.8%	**46.4%**	45.6%
Drilling services cluster	**250.2**	179.2	39.6%	**14.8%**	12.6%
Total	**1,688.0**	1,421.3	18.8%	**100.0%**	100.0%

Inspection Services Cluster

The inspection services cluster has been a core business since the Group's inception. It is an asset-light service that has been prioritized by the Group in recent years. The inspection services cluster follows the development plan of, "one core business and two emerging businesses". The one core business, "inspection technical services focusing on asset integrity management at the core", provides technical services such as non-invasive inspection, oil casing/tubing inspection, gas leakage testing, pipeline inspection, and metrological inspection that cover the whole process of natural gas development, production, storage and transportation, and metering. At the same time, we are strategically promoting the "two new" businesses: "dual carbon technical services" and "online monitoring technical services". We are developing environmental testing services around carbon neutrality and carbon peaking, and we are using next-generation technologies such as big data, artificial intelligence, and 5G communications to develop intelligent inspection that helps customers reduce costs; protect assets; and achieve energy savings, efficiency gains, safety, and environmental protection.

The Group owns multiple inspection service facilities across China, as well as field service bases in overseas markets such as Iraq, Chad, and Kazakhstan, among others. The Group has established its position as a leading independent third-party inspection services provider in oil and gas fields in China, with the most comprehensive service capabilities.

In the First Half, the Group's revenue from inspection services amounted to RMB129.6 million, representing an increase of 18.6% over the revenue of RMB109.3 million in the same period last year.

EBITDA of the inspection services cluster increased by 26.9% to RMB54.2 million in the First Half, from RMB42.7 million in the first half of 2021, and with an EBITDA margin of 41.8%, an increase of 2.7 percentage points from 39.1% in the same period last year.

Oilfield Management Services Cluster

This cluster comprises high-quality, asset-light management services. The Group leverages its full spectrum of oil and gas resources development technologies and oil and gas field management professionals to provide best-in-class oil and gas field management and ancillary services to help customers maximize their asset value. The Group targets markets such as Iraq, West Africa, and China, among others, for oil field management services and has established strong relationships with customers through high-quality management services. The Group is actively looking to further replicate this business model in emerging markets around the world.

In the First Half, the oilfield management services cluster continued to grow steadily, posting revenue of RMB525.7 million, up 8.3% from RMB485.3 million in the same period last year.

Analysis of major product lines in this cluster:

1) Integrated oilfield management services: In the First Half, the integrated oilfield management services product line recorded revenue of RMB356.8 million, an increase of 4.4% compared to RMB341.9 million in the same period last year.

2) Oilfield operation and maintenance services: In the First Half, the oilfield operation and maintenance services product line recorded revenue of RMB168.9 million, an increase of 17.8% compared to RMB143.4 million in the same period last year.

EBITDA of the oilfield management services cluster increased by 7.0% to RMB208.9 million in the First Half, from RMB195.3 million in the first half of 2021, with an EBITDA margin of 39.7%, largely on par with the first half of 2021.

Oilfield Technical Services Cluster

Oilfield technical services is a cluster that showcases the Group's traditional strengths in technical services. The Group has integrated technical services capabilities that cover the entire life cycle of oil and gas development, with reservoir geology technology as the core. It provides customers with technical services around geology, drilling, well completion, and production stimulation, as well as asset leasing services in the industry. Its targeted services help customers enhance resource development efficiency and maximize reservoir asset value. The Group is also actively promoting green transformation and driving the development of low-carbon, renewable business.

In the First Half, revenue from the oilfield technical services cluster reached RMB782.5 million, an increase of 20.8% over RMB647.5 million in the same period last year.

Analysis of major product lines in this cluster:

1) Drilling technical services: This product line recorded revenue of RMB118.0 million in the First Half, representing an increase of approximately 11.2% compared to RMB106.1 million in the same period last year.

2) Well completion technical services: This product line recorded revenue of RMB114.9 million in the First Half, representing a significant increase of 71.7% compared to RMB66.9 million in the same period last year.

3) Stimulation technical services: This product line recorded revenue of RMB416.8 million in the First Half, representing an increase of approximately 2.3% from RMB407.4 million in the first half of 2021.

4) Asset leasing services: This product line recorded revenue of RMB132.8 million in the First Half, representing a remarkable increase of 97.9% from RMB67.1 million in the same period last year.

EBITDA of the oilfield technical services cluster increased by 3.2% to RMB220.3 million in the First Half from RMB213.4 million in the first half of 2021, with an EBITDA margin of 28.2%, down 4.8 percentage points from 33.0% in the same period last year.

Drilling Services Cluster

The drilling services cluster is the Group's asset-heavy business and is heavily influenced by the industry's capital expenditure. The Group strives to combine its existing high-quality drilling technology and utilize its own drilling equipment and partnership ecosystem platform to align industry-wide resources to achieve low-input, efficient services.

In the First Half, revenue from the drilling services cluster reached RMB250.2 million, representing an increase of 39.6% from RMB179.2 million in the corresponding period last year, mainly due to the resumption of drilling projects in the Iraqi market and the increase in business volume brought about by favorable market trends surrounding oil and gas development.

EBITDA of the drilling services cluster increased by 15.6% to RMB82.2 million in the First Half from RMB71.1 million in the first half of 2021, with an EBITDA margin of 32.9%, a drop of 6.8 percentage points from 39.7% in the same period last year, mainly due to the increase in raw material costs.

Alignment of Strategic Resources

In the First Half, the Group continued to curb new capital expenditure, strictly in accordance with its "asset-light" business model and its "cash flow" focus. Capital expenditure for the First Half was RMB65.4 million, an increase of RMB2.2 million from RMB63.2 million in the first half of 2021.

Alignment of Investment

In the First Half, the Group primarily made supplementary investments in support of equipment deployed on ongoing projects.

Alignment of Research and Development ("R&D")

In the First Half, the Group implemented improvements and innovations to relevant technologies or tools, in line with customers' concrete needs, to stimulate production and reduce costs. It also drove the optimization and upgrade of its product mix through technical partnerships. In the First Half, the Group invested RMB36.7 million in research and development ("**R&D**"), representing an 84.4% increase from RMB19.9 million in the corresponding period last year. Key R&D projects include:

- Research on real-time iterative fracturing technology;
- Research on fiber optic fracturing monitoring technology;
- Research and development of high-temperature, high-density water-based drilling fluid technology;
- Research and development of a self-healing cement slurry system; and
- Research on intelligent well completion tools.

Alignment of Human Resources

In the First Half, while actively growing its business under favorable market conditions, the Group further enhanced its internal operations and management efficiency through a series of managerial reforms and optimization.

During the Reporting Period, the Group implemented the OKR methodology across the organization, set aspirational goals, and motivated its entire workforce to focus on the goals to drive transformational growth. At the same time, the Group further implemented the amoeba management concept and strengthened management based on small teams to improve management efficiency across the board. Relying on Anton College, the Group continued to recruit outstanding graduates to replenish its top talent reserves for business development, while strengthening talent training and facilitating talent progression in all aspects.

As of 30 June 2022, the Group had a total workforce of 4,521. Among them, 2,525 are overseas employees, accounting for 55.9% of the Group's total headcount.

OUTLOOK

In the face of the global oil and gas supply shortage, the Group expects further capital expenditure and intensified capacity expansion to unlock production to fill the supply gap in the second half of 2022 in all of the Group's major markets. In the Chinese market, the Group will continue to target growth opportunities in natural gas development while actively sourcing and addressing business opportunities in markets such as gas storage and carbon capture, utilization and storage (CCUS) under the Dual Carbon goals and accelerating industry transformation and new business development. In the Iraqi market, many of the Group's existing oilfield customers have formulated clear growth plans. The Group will seize the market opportunities and secure more orders for technical services while vigorously promoting and replicating the integrated oilfield management model for new business breakthroughs. In other overseas markets, the Group will further tap into opportunities for resource development in other emerging markets in the high oil price environment and penetrate more global emerging markets, such as Indonesia and Algeria, in search of high-quality opportunities so as to add new growth drivers for the Group.

In terms of product, technology, and service capabilities, the Group will further advance its multi-entity configuration to create separate business entities for inspection services, oilfield management, oilfield technical services, and drilling services, and to encourage the stand-alone operation of each entity that leverages the comparative strengths of each in its in respective field, as well as efficient and synergetic collaboration among the entities. In the second half of this year, the Group will continue to build up its precision technology capabilities with geological technology as the core and help customers stimulate production and reduce costs through "targeted development". Additionally, the Group will continue to drive innovation on all fronts, work on the scheduled launch of the on-line "Anton Oil & Gas Development Mall" for the global oil and gas industry in the second half of the year, and aggregate industry resources in China to offer a full range of products and services for global oil and gas customers.

Concerning strategic resource alignment, the Group will continue to adopt an open and diversified approach to working with strategic partners from various industries and continue to implement the "New Anton" ecosystem and platform-based strategy to enable ecosystem development of China's oilfield services industry.

In terms of finance, the Group will seize market opportunities to achieve dual growth in revenue and profit; insist on "cash is king" and pursue sustainable and healthy cash flow; ensure on-time bond repayment through prudent financial management; and optimize the capital structure by implementing a multi-entity strategy and promoting asset securitization.

With regard to environmental, social, and governance (ESG) considerations, the Group reaffirms its vision of becoming "a model for the efficient and harmonious development of humanity and the environment". The Group will strive to further contribute to green development with its technology and efficient services, actively fulfill its corporate social responsibility, nurture talent, engage communities, promote social progress, ensure sustainable organizational growth with a scientific governance structure, and become a benchmark of excellence for the industry.

FINANCIAL REVIEW

Revenue

The Group's revenue for the First Half was RMB1,688.0 million, representing an increase of RMB266.7 million, or 18.8%, from RMB1,421.3 million for the same period of 2021.

Costs of Sales

Cost of sales increased by 19.2% to RMB1,171.8 million in the First Half, from RMB982.9 million in the corresponding period of 2021 in line with the increase in revenue.

Other Gains, Net

Other gains increased by RMB8.4 million from RMB13.1 million in the first half of 2021 to RMB21.5 million in the First Half.

Impairment Loss on Financial Assets

Impairment losses on financial assets decreased by 59.1%, from RMB40.6 million in the first half of 2021 to RMB16.6 million in the First Half.

Selling Expenses

Selling expenses were RMB72.9 million in the First Half, an increase of RMB1.9 million, or 2.7%, from RMB71.0 million in the corresponding period of 2021.

Administrative Expenses

Administrative expenses for the First Half amounted to RMB110.9 million, an increase of RMB19.7 million, or 21.6%, from RMB91.2 million for the same period of 2021.

R&D Expenses

Research and development expenses amounted to RMB36.7 million in the First Half, an increase of RMB16.8 million, or 84.4% from RMB19.9 million in the corresponding period of 2021.

Sales Taxes and Surcharges

Sales taxes and surcharges amounted to RMB5.9 million in the First Half, a decrease of RMB0.6 million, or 9.2%, from RMB6.5 million in the corresponding period of 2021.

Operating Profit

Operating profit for the First Half was RMB294.7 million, an increase of RMB72.3 million, or 32.5%, from RMB222.4 million for the same period of 2021. The operating profit margin for the First Half was 17.5%, an increase of 1.9 percentage points from 15.6% for the same period of 2021.

Net Financing Costs

In the First Half, net financing costs were RMB131.0 million, representing an increase of approximately RMB21.8 million, or 20.0%, compared to RMB109.2 million in the corresponding period of 2021.

Income Tax Expense

In the First Half, the income tax expense was RMB74.6 million, an increase of RMB5.3 million, or 7.6%, from RMB69.3 million in the same period of 2021.

Profit for the Reporting Period

The Group reported a net profit of RMB88.5 million for the First Half, representing a significant increase of RMB45.1 million, or 103.9%, from RMB43.4 million for the corresponding period of 2021.

Profit Attributable to Equity Holders of the Company

In the First Half, the Group's profit attributable to equity holders of the Company amounted to RMB90.7 million, representing a significant increase of RMB47.9 million, or 111.9%, from RMB42.8 million in the corresponding period of 2021.

Trade and Notes Receivable

As at 30 June 2022, the Group's net trade and bills receivables amounted to RMB2,276.9 million, representing an increase of RMB180.6 million from 31 December 2021. The average trade receivable turnover was 221 days for the First Half, a decrease of 20 days as compared to the same period of 2021.

Inventories

As at 30 June 2022, the Group's inventories were valued at RMB926.2 million, representing a decrease of RMB18.8 million as compared to 31 December 2021.

Liquidity and Capital Resources

As at 30 June 2022, the Group had cash and bank deposits of approximately RMB1,596.2 million (including restricted bank deposits and cash and cash equivalents), representing an increase of RMB8.1 million as compared to 31 December 2021.

The Group had outstanding short-term borrowings of RMB852.6 million as at 30 June 2022. RMB1,132 million of the credit lines underwritten to the Group by Chinese banks remained unused.

As at 30 June 2022, the Group's gearing ratio was 60.0%, representing a decrease of 1.4 percentage points from the gearing ratio of 61.4% as at 31 December 2021. The calculation of the gearing ratio is based on total borrowings divided by total capital. Total borrowings include borrowings, bonds, lease liabilities, and trade and notes payables (as shown in the condensed consolidated statement of financial position). Total capital is calculated based on equity (as shown in the condensed consolidated statement of financial position) plus total borrowings.

The equity attributable to equity holders of the Company amounted to RMB2,867.5 million as at 30 June 2022, an increase of RMB180.1 million from RMB2,687.4 million as at 31 December 2021.

Material Acquisition and Disposal of Subsidiaries, Associates, and Joint Ventures

During the six months ended 30 June 2022, the Group had no material acquisitions or disposals of subsidiaries, associates, or joint ventures.

Currency Risk

The Group conducts its business mainly in RMB and USD, and some of its imports and exports are settled in foreign currencies. The Group maintains that the currency risk associated with the Group's settlement amounts denominated in foreign currencies is non-material. The Group's currency risk mainly arises from its foreign currency deposits and long-term bonds and trade receivables denominated in foreign currencies. Fluctuations in the exchange rate of RMB against USD may adversely affect the Group's operating results and financial position.

Cash Flow from Operating Activities

For the six months ended 30 June 2022, the Group's cash flow from operating activities was a net inflow of RMB320.7 million, representing an increase of RMB227.5 million as compared to the corresponding period of 2021.

Capital Expenditure and Investment

The Group's capital expenditure for the six months ended 30 June 2022 amounted to RMB65.4 million, of which, RMB49.0 million was invested in fixed assets and RMB16.4 million in intangible assets.

Contractual Obligations

The Group's contractual obligations mainly consist of its capital commitments. As at 30 June 2022, the Group's capital commitments (but not yet provisioned in the condensed consolidated statement of financial position) amounted to approximately RMB70.8 million.

Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities or guarantees.

Asset Collateralization

As at 30 June 2022, the Group's assets collateralized for bank financing facilities were property and equipment with a net book value of RMB87.6 million, right-of-use assets with a net book value of RMB5.8 million, and trade receivables with a net book value of RMB305.5 million.

Off-Book Arrangements

As at 30 June 2022, the Group had no off-book arrangements.

INTERIM DIVIDEND

The Board of Directors of the Company has not recommended the payout of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the six months ended 30 June 2022.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of practice for securities transactions by the Directors. Having made specific inquiries with all Directors, the Company confirms that all Directors have fully complied with the applicable requirements stipulated in the said Model Code throughout the Reporting Period.

PURCHASE, SALE, OR REDEMPTION OF THE LISTED SECURITIES

For the six months ended 30 June 2022, the Company repurchased a total of USD43,205,000 of the 2022 Bonds from the secondary market. Upon completion of the cancellation of all repurchased bonds, the outstanding portion of the 2022 Bonds had been reduced to USD134,382,000, representing approximately 44.8% of the total initial principal amount of the bonds.

During the First Half, the trustee of the Company's Restricted Share Incentive Scheme purchased a total of 29,004,000 shares of the Company in the secondary market with its own cash for the Restricted Share Incentive Scheme, representing 1.0% of the total number of issued shares of the Company as at the date of this announcement.

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold, or repurchased any listed securities of the Company.

SUBSEQUENT EVENT

There were no significant events occurred subsequent to 30 June 2022 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in accordance with the requirements of the Listing Rules and the CG Code. The Audit Committee comprises all three existing independent non-executive Directors, namely Mr. ZHU Xiaoping (Chairman of the Audit Committee), Mr. ZHANG Yongyi, and Mr. WEE Yiaw Hin. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2022.

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

Hong Kong, 29 August 2022

As at the date of this announcement, the Group's Executive Directors are Mr. LUO Lin, Mr. PI Zhifeng, and Mr. FAN Yonghong; Non-Executive Director is Mr. HUANG Song; and Independent Non-executive Directors are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping, and Mr. WEE Yiaw Hin.