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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 Third Quarter of 2022 and Outlook for the Fourth 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 July to 30 September 2022 (the “**Quarter**”).

OVERVIEW OF OPERATIONS IN THE THIRD QUARTER OF 2022

During the Third Quarter, the international situation was complex with various changes, the global economic growth rate slowed down and inflation was rising. Stagflation of global economies also affected the growth of oil and gas demand, and the price of crude oil declined. During the Quarter, in the domestic market, epidemic broke out on a large scale in Xinjiang, Sichuan and other places, which had certain impact on the development of business activities and the acquisition of new orders of the Group. In the overseas markets, the Group actively developed global emerging markets and obtained many new market opportunities. In terms of project execution, the projects which delayed implementation previously due to the impact of epidemic have fully resumed work, and these projects had made active progress and were implemented efficiently during the Quarter to maintain a full workload.

ORDERS IN THE THIRD QUARTER OF 2022

During the Third Quarter, the Group's new orders amounted to approximately RMB674.4 million, representing a decrease of 33.2% as compared to the same period of last year. Among which, new orders in the PRC market amounted to approximately RMB295.2 million, representing a decrease of 48.9% as compared to the same period of last year; the new orders in the Iraqi market amounted to approximately RMB324.8 million, representing a decrease of 4.8% as compared to the same period of last year; the new orders in other overseas markets amounted to approximately RMB54.4 million, representing a decrease of 40.3% as compared to the same period of last year.

In the PRC market, during the Quarter, the outbreak of epidemic in Xinjiang, Sichuan and other places had large impact on the development of business activities. The tendering and bidding of some projects of customers were postponed, and the Group's new orders during the Quarter decreased year-on-year. During the Quarter, the Group's orders of projects with winning bids were mainly light-asset projects such as oil reservoir geological research, production stimulation, asset leasing and inspection services.

For overseas market in Iraq, the Group continued to win project orders for oilfield operation and maintenance services, well testing and workover services and inspection technology services. In other overseas markets, the Group continued to expand into emerging markets for oil and gas development, and successfully made a breakthrough in the Indonesian market in Southeast Asia in acquiring sales orders for chemicals.

OPERATION IN THE THIRD QUARTER OF 2022

During the Third Quarter, the execution of orders in the domestic and overseas markets of the Group accelerated in all aspects. In the domestic market, during the Quarter, the Group strictly complied with the local epidemic prevention policies while making every effort to ensure production and operation. All business departments overcame difficulties and adhered to their responsibilities to ensure steady implementation and smooth delivery of operating projects. In the Iraqi market, the Group made new progress in the construction of digital and intelligent oilfields. The Group successfully completed the construction and delivery of the intelligent storage system for the integrated oilfield management project in Majnoon Oilfield, a grand celebration with ribbon-cutting ceremony was held on-site, which was highly acclaimed by customers and local media. In other overseas markets, the Group's projects in Western Africa were steadily implemented. Meanwhile, the Group's new projects in the Southeast Asian market entered the implementation stage and started to contribute revenue.

As at 30 September 2022, the Group's order backlog amounted to approximately RMB8,681.9 million. Among them, order backlog in the PRC market amounted to approximately RMB4,613.4 million, accounting for approximately 53.1% of the Group's total order backlog, and order backlog in the Iraqi market amounted to approximately RMB3,387.5 million, accounting for approximately 39.0% of the Group's total order backlog, order backlog in other markets amounted to approximately RMB681.0 million, accounting for approximately 7.8% of the Group's total order backlog.

Remarks: Order backlog is the amount of work that can be performed after a set date based on management's calculation and judgment according to the contracts and agreements with customers. Order backlog will be reduced by the execution of contracts, and management's adjustment of backlog due to unexpected changes in the market.

MANAGEMENT OF THE COMPANY IN THE THIRD QUARTER OF 2022

During the Third Quarter, in terms of management, facing the pressure of global economic downturn and the sudden outbreak of epidemic in local market, the Group further strengthened the overall management and control of the projects under implementation, and overcame difficulties to ensure production and operation in the local epidemic-inflicted areas. Meanwhile, the construction progress of large-scale overseas projects was accelerated, management of suppliers was strengthened, strategic cooperation was established through platform advantages, and the management process was optimized continuously to achieve further improvement in management efficiency.

In terms of cash flow, the Group adhered to the operating principle based on cash flow as the core, strictly controlled the cash flow management throughout the whole process of the projects, and strived to strengthen the recovery of account receivables, resulting in the cash flow performance of the Group above the budget.

In terms of environmental, social and governance (ESG) aspects, the Group continued to actively fulfill its social responsibilities to help local communities fight the epidemic and provide assistance in targeted poverty alleviation in areas where our operations were located. During the Quarter, Anton Oilfield Services (Group) Ltd., a subsidiary of the Group, was selected as one of the Top 100 Socially Responsible Private Enterprises in Beijing in 2022.

During the Quarter, the implementation of the Group's asset securitization strategy also made significant progress. The Group's wholly-owned subsidiary, T-All Inspection Group Co., Ltd. ("**T-All Inspection**"), submitted the registration for filing of the pre-listing tutoring to the Xinjiang Regulatory Bureau of the China Securities Regulatory Commission ("**Xinjiang Securities Regulatory Bureau**") on 29 August, and were accepted. After completion of the tutoring, the Group will formally apply for spinning off T-All Inspection for separate listing on the Shenzhen Stock Exchange of the People's Republic of China. At the same time, the Group was in the process of introducing strategic investors for the spin-off and separate listing of T-All Inspection, and clear investment intentions of more than RMB200 million were received during the Quarter.

OPERATIONAL OUTLOOK FOR THE FOURTH QUARTER OF 2022

Since the beginning of the Fourth Quarter, geopolitical risk events occurred frequently, international oil prices fluctuated sharply, and energy security became a crucial matter. Risks and opportunities coexist in the international market. The Group will continue to maintain a prudent attitude in strictly controlling project risks and seizing opportunities to achieve high-quality delivery of its business objectives in the Fourth Quarter and for the full year.

In terms of market, during the Fourth Quarter, the overseas markets will be the focus of the Group's development. The Group will continue striving to establish a presence in the markets of key international oil companies and national oil companies to seize market opportunities in Northern Africa, Southeast Asia and other places, and for breakthroughs in new projects and landing orders. In the PRC market, the Group will continue to focus on natural gas and unconventional energy projects, surrounding the construction of core geological technologies, and striving to secure orders of high-quality light-asset projects.

In terms of products and technologies, the Group will further implement the multi-entity operation strategy, aiming to maximize the asset value of customers and promoting the independent and efficient development of various business entities.

In terms of cash flow management, the Fourth Quarter would be the peak period of collecting receivables in the domestic market. The Group will pursue collection of account receivables with full efforts, while strengthening the control of cash flows in all business aspects, in order to further improve the capital turnover efficiency, create good operating cash flows, maintain sufficient liquidity, and properly arrange the repayment of bonds at maturity.

The above statements are based on the current operations of the Group and current market conditions, and not a guarantee of the performance of the Group. The performance of the Group is mainly determined by the market and financial environment.

DISCLAIMER

- The above-mentioned operational data are unaudited and prepared based on preliminary internal information of the Group. Given various uncertainties arising from, among others, the contract signing process, execution progress and client plans, and differences may exist between the above-mentioned quarterly operational data and the information disclosed in the Group's periodic financial reports, therefore, the quarterly operational data published in this announcement shall be considered as periodic data for reference purpose only.
- The above-mentioned quarterly operational data do not constitute, nor should they be construed as, invitation or solicitation to buy or sell any securities or financial instruments of the Group. They do not, nor are they intended to, offer any investment service or investment 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, 12 October 2022

As at the date of this announcement, the executive Directors 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 Yiaw Hin.