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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 2023 and Outlook for the Second Quarter of 2023

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 2023 (the “**Quarter**”).

#### OVERVIEW OF OPERATIONS IN THE FIRST QUARTER OF 2023

During the First Quarter, oil prices remained stable, and as the impact of the epidemic receded, economic and trade activities around the world increased significantly. The oil and gas development emerging countries increased their CAPEX in E&P activities, the industry entered into a stable upward cycle. During the quarter, the Group seized the opportunity of the post-COVID reopening and customers’ needs of expanding production capabilities to win new orders, and fully accelerated the execution of orders backlog, laid a solid foundation for achieving breakthrough growth throughout the year.

#### ORDERS IN THE FIRST QUARTER OF 2023

During the First Quarter, the Group's new orders amounted to approximately RMB1,701.9 million, representing an increase of 8.3% as compared to the same period of last year. Among which, new orders in the domestic market amounted to approximately RMB994.5 million, representing an increase of 3.2% as compared to the same period of last year; new orders in the Iraqi market amounted to approximately RMB504.6 million, representing a significant increase of 76.3% as compared to the same period of last year; new orders in other overseas markets amounted to approximately RMB202.8 million, representing a decrease of 37.0% as compared to the same period of last year.

In the domestic market, during the quarter, the Group actively adjusted its competition strategy, taking precision engineering technology as a breakthrough, carrying out reservoir geological research to drive the upgrading and transformation of traditional engineering services, and successfully won bids for geological engineering integrated general contracting project, shale gas optical fiber production profile test project, and stimulation general contracting project, etc., orders related to the precision technology increased significantly in the first quarter. In addition, the new business products such as inspection

business and asset leasing also won many new orders in the domestic market. In terms of the inspection business, the Group won the bid for drilling tool inspection project, oil casing inspection and maintenance project in Xinjiang area, and won the bid for the gas sealing inspection project and the long-distance natural gas pipeline inspection project, etc. in the Southwest shale gas area. In terms of the asset leasing services, the Group won the asset leasing projects in many domestic market regions, and also successfully obtained extension orders for the natural gas purification and transportation projects in Southwest China.

In the overseas market, the Group has been meticulously deploying in emerging markets for global oil and gas development for many years, and new orders grew rapidly during the quarter, among which the oilfield management business became the main engine of new order growth. In Iraq, the Group continued to expand its service scope in the IFMs project and successfully obtained oilfield management extension orders. Benefited from its rich experience and good operating records in the oilfield management business, the Group won another order for oilfield operation and maintenance. In other overseas markets, relying on its outstanding service performance and advantages in integrated services, the Group successfully obtained an extension of the service period for the integrated oilfield management project in Chad, and won orders for supervision projects. Among the new orders in overseas markets, more than half were related to oilfield management and oilfield operation and maintenance.

## **OPERATION IN THE FIRST QUARTER OF 2023**

In the first quarter, the Group's order execution accelerated across the board, far exceeded that of the same period last year. In the Iraqi market, the Group's key projects, such as the IFMs project, oilfield operation and maintenance project, all maintained a full workload. In other overseas markets, the Group's main projects in West Africa including the integrated oilfield management project, the supervision project all were implemented smoothly. Projects in Kazakhstan, Southeast Asia and other markets were also steadily implemented. In the domestic market, based on reservoir geology research, the Group's precision engineering technology has created a number of local records. Among them a rotary steering in the southwest region set a new record in the depth in a single trip. The southwest fracturing pumping also beat the record in its efficiency. In terms of new business products, the asset leasing services successfully implemented a new business model, the natural gas purification and transportation services project successfully completed its ignition testing in late March, and the inspection services maintained smooth operation. Overall, the Group maintained a full workload in the first quarter, and the order execution increased significantly compared with the same period last year.

As of 31 March 2023, the Group's order backlog amounted to approximately RMB9,485.3 million. Among them, order backlog in the domestic market amounted to approximately RMB5,278.3 million, accounting for approximately 55.6% of the Group's total order backlog, and order backlog in the Iraqi market amounted to approximately RMB3,450.3 million, accounting for approximately 36.4% of the Group's total order backlog, order backlog in other markets amounted to approximately RMB756.7 million, accounting for approximately 8.0% 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 FIRST QUARTER OF 2023**

In the first quarter, facing the strong growth momentum of the industry, the Group further strengthened

internal management while actively developing business. The Group further implemented the OKR working method among the whole Group, set exciting goals, aligned the goals from top to bottom, and work together to achieve breakthrough development. At the same time, the Group continued to optimize and update the management process. During the quarter, the Group established an “internal banking” management system, strictly controlled the balance of payment of each operating unit, further strengthened cash flow management and cost control, which achieved remarkable results in the first quarter.

The Group's asset securitization project has made further progress in the first quarter. Following the Capital Increase on 31 December 2022, The Group's subsidiary, T-All Inspection Group Co., Ltd. (“**T-All Inspection**”) further introduced strategic investors on 13 March 2023. All the strategic investors invested RMB 252.8 million in aggregate and accrued 18.69% of the interest of T-ALL Inspection after the Capital Increase, while the Group will still be the controlling shareholder of T-ALL Inspection with an interest of 81.31%. The strategic investors and the Group will jointly promote the spin-off listing of T-ALL Inspection in the domestic capital market.

### **OPERATIONAL OUTLOOK FOR THE SECOND QUARTER OF 2023**

In the second quarter, the oil and gas development market would continue to be booming. The Group will continue to promote high-quality business development to deliver high-quality and high-speed growth in annual operating results.

In terms of market, the overseas market is still the center of the Group's strategic development. The Group will focus on capturing project opportunities in Iraq and West Africa, especially to ensure the smooth renewal of the IFMs project in Iraq. In the meantime, the Group will continue to penetrate its business in the Indonesian market in Southeast Asia to win new orders. In the domestic market, the Group will continue to take precision engineering technology as a breakthrough point, focus on natural gas and unconventional energy markets, fully implement tailor-made general solutions, strive for breakthrough contributions to customers and win new orders of high-quality asset-light projects.

In terms of products and technologies, the Group will further promote the high-quality growth of each business segment to form an innovative oilfield services model to achieve steady and quality growth. In terms of precision engineering technical services, the Group will further conduct thorough geological reservoir study to promote its precision engineering technology to drive the upgrading and transformation of traditional engineering services, change the competitive landscape, and enhance the profitability; In terms of oilfield management services, the Group will continue to deploy global market opportunities, position the management outsourcing needs of national oil companies, and successfully replicate the oilfield management business model; In terms of asset leasing business, the Group will leverage its advantage of global market network, industry scenarios and sharing economic model to build an industry financial platform that understands oil and gas best, and provides assets and financial services for the entire industry with the concept of "everything needed in the oil and gas development is leasable"; In terms of Inspection business, with the support of the Group and strategic investors, T-ALL Inspection will continue to transform towards digitalization and become a domestic-leading intelligent service company with international competitiveness. In terms of digital business, the Group will leverage its advantage in the completed understanding of various application scenarios in oil and gas fields, to provide the most reliable services with the most efficient cost and the shortest cycle to help customers realize digital transformation.

In terms of the E-commerce platform, the Group will continue to intensify efforts to promote the AT Mall and Oilmates Platform in the second quarter. By building the largest e-commerce platform for oil

and gas development products and services, AT Mall will fully empower customers and suppliers, help global oil company customers find cost-effective products and services, and help suppliers enter the emerging global oil and gas development market, and continue to expand the transaction volume; through the joint construction of oil and gas development and sharing to create an open community platform, Oilmates will continue to empower practitioners in the oil and gas industry and enhance its influence in the industry.

In terms of operation and management, the Group will continue to take cash flow and return on net assets as the core of operation, strictly control the entire process of the project, establish a data-driven management model, and guide all business areas to achieve efficient operation featured with "visual, analyzable, predictable, decision-making useful", create high-quality business performance, and continuously raise investor returns.

In terms of environment, society and governance (ESG), the Group will release its 2022 Sustainability Report in the second quarter, comprehensively summarize the work and achievements in terms of ESG in 2022, and continuously benchmark the best practices in the industry, improve ESG management, and make unremitting efforts towards the corporate vision of "becoming a model of efficient and harmonious development between mankind and the environment".

**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, 11 April 2023

*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.*