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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 Second Quarter of 2023 and Outlook for the Third 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 April to 30 June 2023 (the “**Quarter**”).

OVERVIEW OF OPERATIONS IN THE SECOND QUARTER OF 2023

During the second quarter, the global economy harbored downward risk, the OPEC continued to control oil production scale and further extended the duration of its production cut agreement. As a result, oil prices remained relatively stable during the Quarter. In terms of oil and gas development, emerging countries kept their continuous effort to build production capacity, the Group fully expanded the market to win new orders, and accelerated order fulfillment in the meantime to pursue the rapid recovery after the pandemic.

ORDERS IN THE SECOND QUARTER OF 2023

During the second quarter, the Group’s new orders amounted to approximately RMB1,627.5 million, representing an increase of 28.0% as compared to the same period of last year. Among which, new orders from the domestic market amounted to approximately RMB672.5 million, representing a decrease of 21.0% as compared to the same period of last year; new orders in the Iraq amounted to approximately RMB823.8 million, representing a significant increase of 172.7% as compared to the same period of last year; new orders in other overseas markets amounted to approximately RMB131.2 million, representing an increase of 10.9% as compared to the same period of last year.

In the domestic market, the Group continued its promotion of innovative oilfield technical services during the Quarter. Driven by precision engineering technology, the traditional oilfield services continued to grow, the Group successfully obtained new orders for projects such as coiled tubing and fracturing services. In the meantime, the Group kept promoting the upgrading of its business structure and put efforts on new businesses expanding, including inspection business and asset leasing services, resulting in a significant increase in new orders as compared to the same period of last year.

In overseas markets, in Iraq, based on years of fruitful cooperation with the customer, the Group successfully renewed the IFMS project in Southern Iraq. Taking full advantage of its integrated service model, the Group also secured multiple high-quality projects, which contributed to a significant year-on-year increase in new orders. In other overseas markets, the Group secured projects for drilling fluid technical services, oilfield supervision and management, and non-destructive inspection in the Chad market of West Africa, as well as projects for well completion tool procurement and directional well services in the Kazakhstan market of Central Asia.

OPERATION IN THE SECOND QUARTER OF 2023

During the second quarter, in China market, in mid-May, the natural gas purification and capacity expanding project undertaken by the Group in the southwest region was officially put into operation. The client held a grand commissioning ceremony at the project site, at which the Group's excellent operation performance was highly appreciated. The Group will continue to provide operation and maintenance services for this project, which will bring stable cash flow and income in the next five years for the Group. Besides, the Group's precision engineering services set several records in project execution, including six local records in terms of the depth in a single trip drilling, lateral length and drilling encounter rate of sandstone at the integrated project in North China, which generated breakthrough contribution to clients. In Shanxi coal-bed methane blocks, the Group created a local record for clients with the shortest single-layer comprehensive construction time. In the Iraqi market, the Group's key projects, such as the oilfield management projects, oilfield operation and maintenance project, all maintained full workload. In an oilfield in southern Iraq, an operation and maintenance team of the Group successfully achieved 12 million safe manhours without lost time injury which was awarded by our client.

As at 30 June 2023, the Group had an order backlog of approximately RMB10,041.9 million. In particular, the order backlog in the China market was approximately RMB5,539.2 million, accounting for approximately 55.1% of the Group's total order backlog; order backlog in the Iraqi market was approximately RMB3,751.6 million, accounting for approximately 37.4% of the Group's total order backlog; in other markets, order backlog was approximately RMB751.1 million, accounting for approximately 7.5% 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 SECOND QUARTER OF 2023

During the second quarter, the Group continued to take return on equity and cash flow as the core of operation and implemented rigorous internal control policies. The Group's internal banking system was officially put into use, under which each unit was responsible for its own balance of cash inflows and outflows. Such system functioned during the Quarter. At the same time, the Group continued to exert its influence in the industry and established strategic cooperation with partners in the industry to expand the sharing and collaborative ecosystem platform.

In terms of environment, society and governance (ESG), the Group released its 2022 Sustainability Report in the Quarter. With enhanced efficiency from innovative technologies, the Group reduced and helped clients reduce greenhouse gas emissions, and continued to make solid progress in ESG. Furthermore, with the Group's years of cultivation in the global market and its leading technological position in the industry, the Group's wholly-owned subsidiary in China – Anton Oilfield Technical Services (Group) Co., Ltd., has been selected as the only private oilfield service enterprise in the “2022 Top 100 Chinese Privately-Owned Enterprises Going Global” list released by the All-China Federation of Industry and Commerce. This achievement further enhances the Group's influence in the industry domestically.

OPERATIONAL OUTLOOK FOR THE THIRD QUARTER OF 2023

In the third quarter, though global economic development is still surrounded by various challenges, the oil and gas exploration activities will remain stable in the major markets of the Group, and the Group's operating activities are expected to peak followingly. By adhering to customer satisfaction and pursuing high-quality orders as its goal, and cash flow as its core operating target, the Group will promote consistent growth in orders, project execution, and project profitability in the third quarter over the same period last year, and facilitating the achievement of its annual business goals.

In terms of market, the Group will continue to vigorously explores overseas markets by securing implementation of large projects in core markets such as Iraq, West Africa, Southeast Asia. In the domestic market, taking precision engineering technology as the breakthrough point, the Group will seize desirable opportunities under the national energy security strategy through seeking quality project orders in the natural gas and un-conventional energy market, thus creating breakthrough contributions for customers.

In terms of products and technologies, the Group will further pursue an innovative oilfield service model and promote comprehensive development of precision engineering technology, independent innovative service brands, and E-commerce business. In terms of new businesses, the asset leasing services are expected to get new breakthrough in the third quarter, and drive the business development with asset-light model.

In terms of environment, society and governance (ESG), the Group will refine ESG management through carrying out feasible emission reduction plans for the Group's long-term goal of greenhouse gas emissions, and make progress together with all stakeholders to construct an industrial benchmark.

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 July 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.