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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 2023 and Outlook for the Fourth 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 July to 30 September 2023 (the “**Quarter**”).

OVERVIEW OF OPERATIONS IN THE THIRD QUARTER OF 2023

During the third quarter, the global economy continued to face sluggish demand and weak production, and OPEC continued the voluntary production cuts to offset the potential downward pressure on oil prices brought about by the decline in global demand, which drove crude oil prices to a sustained high level during the quarter. In the face of the complex and volatile external environment, the Group continued to capitalize on its platform advantages and vigorously explore the emerging markets of oil and gas on the one hand, and continued to focus on the core operating indicators of cash flow operation and return on equity on the other hand, and strengthened its internal management in order to hit the full-year operating targets.

ORDERS IN THE THIRD QUARTER OF 2023

During the third quarter, the Group’s new orders amounted to approximately RMB1,003.3 million, representing an increase of 48.8% as compared to the same period of last year. Among these, new orders in the domestic market amounted to approximately RMB436.8 million, representing an increase of 48.0% as compared to the same period of last year; new orders in the Iraq market amounted to approximately RMB383.1 million, representing an increase of 18.0% as compared to the same period of last year; new orders in other overseas markets amounted to approximately RMB183.4 million, representing an increase of 237.3% as compared to the same period of last year.

In the domestic market, the Group continued to implement the dual transformation of its business during the quarter, with the reservoir geological research at the core and upgrading its traditional engineering services and won a number of high-quality orders for geo-engineering integrated turnkey projects and test-and-repair projects in unconventional shale gas, coal bed methane and tight gas areas during the quarter. Meanwhile, the innovative services business continued to expand, with the asset leasing business promoting the new business model of “rent-to-own” for industrial equipment, continuing to explore project opportunities and won the first new order for a rent-to-own project. The Inspection services continued to expand its service scope towards the field of asset integrity inspection, and won the first asset integrity inspection project of natural gas pipeline inspection, new orders for the third quarter as a whole increased significantly compared to the same period last year.

In the overseas market of Iraq, the Group’s major customers pushed ahead with their production capacity construction, and the Group gave full play to its strengths and won orders for fracking services, production stimulation services, and oilfield operation and maintenance projects. In other overseas markets, the Group’s integrated oilfield management project in Chad, West Africa, was successfully renewed for another year. In addition, the Group also secured orders for environmental inspection projects and commissioning services, and the Group secured orders for the sale of chemicals and well-completion tools in Algeria and Indonesia.

OPERATION IN THE THIRD QUARTER OF 2023

The third quarter was the peak season for the Group’s operations, with accelerated execution of orders on hand in major markets. In the domestic market, with the reservoir geotechnology, the Group’s precision engineering technology achieved another success, completing the first continuous tubing fiber optic test operation and the first fiber optic construction of U-shaped geothermal well project for the customer in North China and Northeast China markets respectively. The Southwest hydrocarbon removal and capacity expansion project, which was constructed and operated by the Group, maintained a stable and high production rate during the quarter and further expanded its production capacity under the instruction of the customer. In the Iraq market, the oilfield management project and the oilfield operation and maintenance project maintained a full workload, and the digital production command center constructed by the Group was successfully completed during the quarter, with a grand ribbon-cutting ceremony held by the client.

As at 30 September 2023, the Group had an order on hand of approximately RMB9,948.6 million. In particular, the order on hand in the domestic market was approximately RMB5,602.3 million, accounting for approximately 56.3% of the Group’s total order on hand; the order on hand in the Iraq market was approximately RMB3,514.6 million, accounting for approximately 35.6% of the Group’s total order on hand; in other markets, order on hand was approximately RMB804.7 million, accounting for approximately 8.1% of the Group’s total order on hand.

Remarks: Order on hand 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 on hand will be reduced by the execution of contracts, and management’s adjustment of the order on hand due to unexpected changes in the market.

MANAGEMENT OF THE COMPANY IN THE THIRD QUARTER OF 2023

During the third quarter, in the face of many external challenges and pressures, the Group further strengthened its internal management by enhancing the whole-process cash flow management and comprehensively improving turnover efficiency on the one hand, and continuing to integrate quality resources in the industry through building an ecosystem development platform to realize cost reduction and efficiency gains on the other hand.

During the Quarter, the Group further integrated and extended the platform business. In addition to the online Anton Mall which was already launched, the Group further developed the “Oil Mates Oil & Gas DAO”, and launched the Oil & Gas Exposition, Oil & Gas Community, and Oil & Gas Information, etc. By doing so, the Group expected to share, create, and govern the online open community with its partners.

In terms of environmental, social, and governance (ESG), during the quarter, the Group was awarded the 2023 fifth “Best Managed Companies” title jointly issued by Deloitte China, Bank of Singapore, Business School of Hongkong University of Science and Technology and the Chinese edition of Harvard Business Review, for its outstanding performance in management excellence and innovative development. In addition, the Group’s wholly-owned subsidiary in Beijing, Anton Oilfield Services(Group)Ltd. was recognized as one of the “Beijing Top 100 Private Enterprises for Social Responsibility” for the third consecutive year for its outstanding fulfillment of social responsibility.

OPERATIONAL OUTLOOK FOR THE FOURTH QUARTER OF 2023

Turning to the fourth quarter, the external environment is still facing great uncertainties, but the Group’s major markets will maintain an active momentum in the oil and gas development activities. The Group will continue to aim at creating breakthrough contributions to its customers, achieve sustained breakthroughs and stable growth in markets and businesses, and make every effort to hit the successful achievement of the full-year operating targets.

Speaking of markets, the Group will step up its efforts in developing overseas markets, laying out the markets in Iraq, West Africa, and Southeast Asia, and realizing project breakthroughs. In the Chinese market, the Group will continue to fully implement precision engineering technology, seize the opportunity of the revolution to regularize unconventional oil and gas, and leverage its integrated project management strengths to secure high-quality project orders and create breakthrough contributions for its customers.

In terms of products and technologies, the Group will continue to promote the transformation of its business by upgrading and transforming its traditional engineering services with its reservoir geotechnology, while at the same time comprehensively developing new forms of products and services and continuing to deepen its asset-light transformation. In addition, the Group will continue to integrate its platform business and continue to build the “oil and gas DAO” platform service, which gathers oil and gas communities, oil and gas information, self-media of Oil Mates and oil and gas talents, in order to empower the oil and gas eco-industry.

On the front of the Management, the Group will continue to implement stringent internal management and enhance management efficiency through online platform tools, thereby improving operating results and achieving solid overall growth.

In respect of securitization of business assets, the Group will continue to make every effort to promote the spin-off and listing of its inspection business together with strategic investors, so as to open up the domestic capital market and achieve the accelerated development of its quality business.

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.*
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Hong Kong, 13 October 2023

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

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.