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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 Fourth Quarter of 2023 and Outlook for the First Quarter of 2024

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 October to 31 December 2023 (the “**Quarter**”).

OVERVIEW OF OPERATIONS IN THE FOURTH QUARTER OF 2023

During the fourth quarter, complex and volatile external environment, stagflation of global economies and downturn industrial production put downward pressure on oil prices. OPEC countries continued their production cuts to stabilize oil and gas supply. Meanwhile, the sustained escalation in conflict between Israel and Palestine caused concerns about the prospects of oil and gas supply under the impact of geopolitics. During the quarter, the Group continued to strengthen the development of overseas advantageous markets and made new breakthroughs in order acquisition, while constantly enhancing cash flow operation and making every effort to hit the full-year operating targets.

ORDERS IN THE FOURTH QUARTER OF 2023

During the fourth quarter, the Group’s new orders amounted to approximately RMB1,529.3 million, representing an increase of 56.7% as compared to the same period of last year. Among these, new orders in the domestic market amounted to approximately RMB513.4 million, representing an increase of 29.7% as compared to the same period of last year; new orders in the Iraq market amounted to approximately RMB829.1 million, representing an increase of 71.9% as compared to the same period of last year; new orders in other overseas markets amounted to approximately RMB186.8 million, representing an increase of 91.3% as compared to the same period of last year.

In the domestic market, the Group adopted the precision engineering technology with the reservoir geological research at the core and won a number of unconventional oil and gas field development service orders during the quarter, including integrated engineering general contracting, optical fiber monitoring, coiled tubing production profile monitoring projects, etc. In respect of new businesses, the Group won the orders for non-destructive testing, oil casing inspection, drilling tool leasing, sale of chemicals and other projects.

In the overseas market of Iraq, the Group won a five-year super order for integrated operation and maintenance by leveraging on its excellent operation record and rich experience in oilfield management business. In addition, the Group also won the bids for oilfield supervision and management and other project orders, driving a year-on-year growth in new orders from Iraq of 71.9% during the quarter. In other overseas markets, the Group made further breakthrough in the asset leasing of new businesses by winning the bid for compressor leasing service project in Indonesia, Southeast Asia. Moreover, in West Africa, the Group won the bid for workover rig service project in Chad, well-completion tools sale project in Algeria, etc.

OPERATION IN THE FOURTH QUARTER OF 2023

During the fourth quarter, the Group continued to accelerate order execution and construction operations in major markets were advanced in an efficient and safe manner. In the domestic market, the Group set various operating records with the reservoir geotechnology. Particularly, in the shale gas area of Southwest China, the directional well project of the Group broke the record of local deep shale gas rotation steering drill footages, which was well received by client. In the tight gas area of North China, our outstanding operation record of delivery of 94-stage fracturing for a certain well set won the first place in the contractor QHSE competition organized by client. In the Iraq market, a fracturing team of the Group in the Halfaya Oilfield completed a construction record of 18 stages in 4.5 days and was awarded additional workload from client. The Group operated oilfield management projects and oilfield operation and maintenance projects in a high-quality and efficient manner, hitting a new high in the operation volume during the quarter.

As at 31 December 2023, the Group had an order on hand of approximately RMB10,000.7 million. In particular, the order on hand in the domestic market was approximately RMB5,391.0 million, accounting for approximately 53.9% of the Group's total order on hand; the order on hand in the Iraq market was approximately RMB3,728.7 million, accounting for approximately 37.3% of the Group's total order on hand; in other markets, order on hand was approximately RMB881.0 million, accounting for approximately 8.8% 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 FOURTH QUARTER OF 2023

During the fourth quarter, while vigorously exploring the market and accelerating the implementation of projects, the Group also continued to maintain strict internal management, achieving remarkable cash flow operation effectiveness and sustained improvement in turnover efficiency.

During the quarter, the “smart production and operation platform” of the Group was officially launched. Through the platform, the Group realized real-time management of orders, operations, revenue, collection, inventory and cash flow information among all regions and industries, thereby accelerating synergies through empowerment and achieving sustained improvement in management efficiency.

In terms of environmental, social, and governance (ESG), during the quarter, the Group actively fulfilled its social responsibilities and strengthened school-enterprise cooperation by making donation to various universities for petroleum, and establishing the “Anton Scholarship” to support their cultivation of talents. Meanwhile, the Group gave full play to its role as a leader in the industry to organize the first “Anton Specialized and New Technology Conference”, the first “Anton Digital Intelligence Technology Conference”, the first “Anton Reservoir Geology Technology Conference” and other industry events during the quarter, which has further enhanced the industrial influence of the Group and empowered its partners.

OPERATIONAL OUTLOOK FOR THE FIRST QUARTER OF 2024

Turning to 2024, the Group has faced both challenges and opportunities in its business development. On the one hand, the global economy is still facing downward pressure; on the other hand, geopolitical conflicts have also brought many uncertainties to the industry situation. Focusing on the long-term strategic objectives, the Group will continue to vigorously explore the global oil and gas emerging markets, promote the transformation and upgrading of its business, and improve internal management with cash flow operation as the core, so as to create a good start for the steady development of the year.

In terms of markets, the global oil and gas emerging markets are the focus of the Group’s long-term development. The Group will continue to explore opportunities in the oil and gas development markets in the Middle East, West Africa and Southeast Asia, develop a comprehensive network of customers and markets across the globe, conduct in-depth study of customers’ needs and accelerate launch of new products and services, so as to explore new room for our growth. In the Chinese market, the Group will continue to fully implement overall solutions and develop innovative projects with its customers, so as to create breakthrough contributions for its customers and secure more high-quality orders.

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, and continue to promote precision engineering technology, 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 comprehensively promote the transformation of artificial intelligence (AI), based on the whole scenario of the oil and gas industry, and integrate external computing power, technology, large-scale model and other AI ecological resources to help its customers in providing AI services for all scenarios and achieve large-scale development of Anton’s business of AI services.

In terms of management, focusing on cash flow and asset return, the Group will continue to strengthen internal management, and accelerate the reform in the business model for cash flow management, so as to fully leverage its influence on the industry and integrate resources in terms of partners and financial assets for the development of our business, while achieving comprehensive and healthy growth in cash flow and asset return.

In terms of asset securitization, the Group will continue to make every effort to promote the spin-off and listing of its inspection business, while cultivating and incubating more high-quality businesses to realize asset securitization of high-quality businesses.

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, 19 January 2024

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.