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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 2021 and Outlook for the Second Quarter of 2021**

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 2021 (the “**Quarter**”).

#### **OPERATIONAL OVERVIEW OF THE FIRST QUARTER OF 2021**

In the first quarter, along with launching of multiple vaccines and consecutive vaccination carried out globally, the economic recovery ushered in the dawn, which led to a rebound in energy demand, and OPEC+ reached an agreement to continue to limit production, oil prices were stimulated to a large rise in the quarter.

In China, due to the winter break and Spring Festival holidays, the first quarter has always been the off-season for project implementation throughout the year. During the quarter, all regions continued to maintain normalized and strict prevention and control over the pandemic, the Group’s domestic business maintained stable operations. In overseas markets, the epidemic situation is still challenging, the impact of the epidemic on project implementation is still ongoing, business activities have not yet fully recovered, and the implementation of the Group’s overseas market projects is still in the process of gradual recovery.

#### **ORDERS IN THE FIRST QUARTER OF 2021**

During the Quarter, the Group won new orders of approximately RMB1,279.1 million, representing an increase of 5.0% compared to the same period last year. New orders from Chinese market amounted to approximately RMB621.1 million, representing a decrease of 13.1% compared to the same period last year; new orders from Iraq market amounted to approximately RMB532.2 million, representing an increase of 29.8% compared to the same period last year; and new orders in other overseas markets amounted to approximately RMB125.8 million, representing an increase of 34.8% compared to the same period last year.

In China, although oil and gas development activities continued to be active, customers have further requirement for cost reduction in development, and service prices are still facing downward pressure. In this market situation, on one hand, the Group adheres to its management focus of taking cash flow and return on net assets as the core and pursuing for new orders selectively; on the other hand, the Group actively expands new technologies and new businesses development. During the quarter, in the Xinjiang market, the Group continued to win new orders from oil-based drilling fluid services, asset-light services such as tubing and casing inspection maintenance, and drilling tools leasing services; in the southwest market, the Group won orders for the shale gas development such as fracturing projects etc., in Shanxi, Ordos and other markets, the Group received new orders for stimulation, fracturing and inspection services for coalbed methane projects.

In overseas markets, although oil prices have gradually recovered, the epidemic situation is still severe and the market is slowly recovering. Facing market challenges, the Group actively seeks breakthroughs and strives for market opportunities. During the quarter, the Group successfully entered in the north Iraq market and won an asset-light comprehensive maintenance order worth approximately US\$10 million, the Group also won new orders of oilfield station operation and maintenance service and coiled tubing services projects in traditional markets. At the same time, the Group obtained the “operator” qualification granted by the Iraqi government in the first quarter, laying a solid foundation for the Group’s further expanding of its oilfield management business in Iraq. As at the announcement date, the renewal of the IFMS project in Majnoon Oilfield has been approved by the Iraqi government, detailed discussions on specific commercial terms are currently underway. The official signing of the contract is expected to be completed in the second quarter. In other overseas markets, the Group has obtained orders for light asset projects such as oilfield operation and maintenance, and sales of well completion tools in the Chad market in West Africa.

## **ORDER FULFILLMENT IN THE FIRST QUARTER OF 2021**

In the domestic market, the Group kept relatively full project operations in many regions, however, affected by customer’s lowering of service prices, the Group’s revenue in the domestic market declined in the first quarter. The Group made strengthened QHSE management to ensure high-quality and safe advancement of operation projects in each business areas, while continuing to promote technological innovation, strict cost control on the entire cycle of operation projects to lift the profitability of the projects. In each market, the Group continues to provide customers with high-quality services based on its leading technology. In the Xinjiang market, the Group’s oil-based drilling fluid technical services ranked first among the evaluation results of engineering and technical contractors in Tarim Oilfield in 2020; in a block of the Northwest Oilfield, the Group helped customer broke through the bottleneck of cost reduction and efficiency enhancement in a drilling technical service project. Through fine design and precise construction, the drilling encounter rate of the reservoir was increased, and the previous regional record was refreshed. The output of a single well was increased by four times; in the southwest shale gas market, one of the wells for which the Group provided completion tool and technical services encountered technical difficulties in the completion process. The Group worked closely with customers, repeatedly discussed and designed construction plans, and finally obtained high-yield industrial oil and gas flow over 1 million cubic meters per day, the Group was well admired by customers.

Overseas, in the Iraqi market, the Group's large-scale integrated oilfield management projects have maintained stable execution. Some projects that were previously suspended due to the epidemic, such as workovers and completion services, have resumed smooth operation, but there are still some heavy asset projects have not yet resumed construction. In other overseas markets, the integrated oilfield management projects in the Chad market in Africa have been running smoothly. Drilling fluid and directional drilling projects have quickly resumed work in the first quarter. In Pakistan and other markets, drilling and workover projects, drilling tools inspection and other projects have resumed smooth execution, with a relatively full workload.

As of 31 March 2021, the Group had order backlog of approximately RMB6,208.5 million. Among them, orders on hand in the domestic market were approximately RMB3,068.1 million, accounting for approximately 49.4% of the total order backlog; order backlog in the Iraqi market were approximately RMB2,628.6 million, accounting for approximately 42.3% of the Group's total order backlog; in other markets, order backlog was approximately RMB511.8 million, accounting for approximately 8.2% of the Group's total order backlog.

*Notes:*

- Order backlog is the estimated work volume available for future execution as at a certain date, based on the judgment and calculation by the management with reference to the contracts and agreements entered into between the clients and the Group. New orders awarded are the increments in the order backlog during this Quarter. Order backlog is reduced when orders are fulfilled, and may be adjusted by the management should an unexpected change in market conditions arise.

## **MANAGEMENT UPDATE IN THE FIRST QUARTER OF 2021**

In the first quarter, the Group further implemented the platform-based ecological development strategy, promoted cross-border technical cooperation, and expanded resource reserves; and further utilized information technology to promote a decentralized, flat, and open management structure to improve management efficiency. In terms of operation and management, the Group continued to firmly implement the operating strategy of cash flow as the core, and accelerate the turnover of working capital through the entire process of project management.

During the quarter, the group established a dedicated "low-carbon and new energy technology" and "intelligent oilfield technology" development team to specifically promote low-carbon businesses such as CCUS and gas storage, new energy businesses such as geothermal energy development, and intelligent oilfields business development.

## OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2021

In terms of the market, the Group's focus in China in the second quarter will be stimulation services projects for unconventional resources development, the Group will be striving for the winning of premium projects by continuously improve its operation efficiency through precise engineering services, and stand together with customers to promote the increase in production and reduce costs. In the meantime, we will actively promote the market expansion of two new businesses, "low-carbon and new energy technology business" and "intelligent oil and gas technology business". In the overseas markets, in Iraq, the Group will seize the opportunity of the gradual recovery of the market, continue to focus on opportunities for market structural adjustments, full play its cost reduction and efficiency improving advantage, and strive for more market share and market opportunities for oilfield management service projects, while advancing completion of the renewal of the contract for the IFMS project of the Majnoon Oilfield. In other overseas markets, the Group will focus on the opportunity for the full resumption of business activities in the West African market and further seek market breakthroughs.

In terms of operations, the Group will fully focus on customer needs, through precise engineering services that combine engineering services with geological technologies, to fundamentally achieve cost optimization and efficiency improvement in the whole process. The Group will further promote the collaboration with partners, actively apply new technology through an ecological development platform, to jointly promote cost reduction and efficiency enhancement by applying new technologies.

In terms of operation and management, the Group will further strengthen refined operations, adhere to asset-light development, promote technological innovation, management upgrades, and business transformation, construct the Group to be a technology-based company featured with low cost, strong anti-risk capability, quick market response, and competitiveness.

In terms of environment, society and governance (ESG), the Group will actively promote the development of low-carbon business, new energy business and intelligent oilfield businesses. The Group will comprehensively review and summarize its ESG work, prepare and release its 2020 sustainability report within the second quarter.

**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 information on operational updates is unaudited and is based on preliminary internal information of the Group, which due to various uncertainties arising during the contract signing process, execution progress and client plan etc., the above-mentioned quarterly operational updates may differ from the Group's periodic financial disclosures. Therefore, the quarterly operational updates in this Announcement only serve the purpose of periodic reference.*

- *The above-mentioned quarterly operational updates do not constitute nor should they be construed as invitations or offers to buy or sell any securities or financial instruments of the Group. Nor are they intended as the offer of any investment services or advices. 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, 22 April 2021

*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 Yiaow Hin.*