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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 2021 and Outlook for the First Quarter of 2022

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 2021 (the “**Quarter**”).

#### OPERATIONAL OVERVIEW OF THE FOURTH QUARTER OF 2021

During the Quarter, although oil prices fluctuated significantly due to the impact of the Omicron variant of COVID-19 on market sentiment, the tight energy supply continued globally, the oil development in major oil-producing countries increased steadily and the execution of the projects was progressing smoothly. Under such circumstances, the Group seized the project opportunities in both domestic and overseas markets and actively strived for high-quality orders. In terms of operations, the Group proactively promoted the execution of all the projects at home and abroad in a high-quality and rapid manner while maintaining strict prevention and control of the pandemic.

#### ORDERS IN THE FOURTH QUARTER OF 2021

In the Quarter, the Group received new orders of approximately RMB941.5 million, a decrease of 21.2% compared to the same period last year. In particular, new orders in China market were about RMB632.2 million, a decrease of 4.9% compared to the same period last year; new orders in the Iraq market were about RMB251.6 million, an increase of 225.9% compared to the same period last year; new orders in other overseas markets were about RMB57.7 million, a decrease of 87.3% compared to the same period last year.

In the domestic market, the Group won bids for the projects of drilling tool leasing and inspection, stimulation operation, downhole tools and other services in Xinjiang market, secured large-scale project orders for integrated drilling and testing, optical fiber monitoring and geo-steering drilling technology services in the southwest market.

In overseas markets, the Group actively sought opportunities in major markets along with the resuming in exploration and development. In terms of order acquisition, in Iraq, the Group won bids for the operation and maintenance of oilfields and stimulation services. In other overseas markets, the Group continued obtaining orders of light asset projects such as the sales of completion tools in Australia and Canada, and the manpower supervision and management project in Chad.

## ORDER FULFILLMENT IN THE FOURTH QUARTER OF 2021

During the Quarter, in the domestic market, the Group further expedited the execution of projects. While the projects were progressing rapidly, the Group pursued lean operations and provided efficient and quality services to help clients enhance their asset development efficiency. In terms of traditional business, during the Quarter, the Group maintained efficient and stable construction progress, and received commendatory letters from its clients for a number of product lines, including Tarim Project Department, Southwest Project Department and Tong'ao Inspection Company. In terms of new business, the Group made a breakthrough during the Quarter by winning the bid for and completing the Group's first low-carbon and new energy project, providing photovoltaic power generation solutions for clients, which was well received by them. The Group will continuously strive for more new product businesses to be implemented.

Overseas, in the Iraqi market, the Group's integrated oilfield management projects maintained smooth operation during the Quarter. Meanwhile, the Group closely communicated with clients to lay out and prepare for the overall development of oilfields in 2022. Additionally, in the Halfaya Oilfield, the Group's fracturing team completed the fracturing operation of a well during the Quarter, fracturing 15 sections within eight days, which set a record and achieved perfect delivery. In other overseas markets, integrated oilfield management projects in Chad, Africa, were running smoothly; drilling fluid, directional drilling and other projects all maintained full workload; drilling & workover projects, drilling tool inspection projects, and directional drilling projects in Pakistan and Kazakhstan were in progress steadily.

As at 31 December 2021, the Group had order backlog of approximately RMB7,561.0 million. In particular, order backlog in the domestic market was approximately RMB3,454.4 million, accounting for approximately 45.7% of the total order backlog of the Group; order backlog in the Iraqi market was approximately RMB3,551.2 million, accounting for approximately 47.0% of the total order backlog of the Group; in other markets, order backlog was approximately RMB555.4 million, accounting for approximately 7.3% of the total order backlog of the Group.

*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. Order backlog shall be reduced due to the execution of orders, and shall be subject to the adjustment by the management due to an unexpected change in market conditions.

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

In the fourth quarter, the Group strictly implemented the business strategy formulated at the beginning of the year, and strictly controlled various costs through refined operations while improving efficiency. At the same time, the Group firmly implemented the business principle with cash flow as the core, accelerated the turnover of working capital and comprehensively strengthened the recovery of receivables.

In terms of debt management, the Group repurchased part of the notes due 2022 in the secondary market, and published an announcement on this repurchase on 12 November. As of the date of the announcement, the Group's outstanding balance of the notes due 2022 is US\$177,587,000.

In terms of Environmental, Social and Governance (ESG), the Group actively fulfilled its social responsibilities during the Quarter by organizing the paired-up assistance in poverty alleviation in Mandouga Village, Inner Mongolia and donating books. The Group also donated computers to Henan Province Disabled Person Welfare Foundation and received the title and honorary certificate of "Caring Unit for Helping the Poor and the Disabled" awarded by the foundation.

## **OUTLOOK FOR OPERATIONS IN THE FIRST QUARTER OF 2022**

In terms of the market, significant increase in expenditure on oil and gas exploration and development in global oil and gas market is expected. Given lots of project opportunities arise in the Group's main markets, the Group will continue to leverage its technological and market advantages to strive for project opportunities for unconventional resource development in the Chinese market through the application and promotion of new technologies, improve work efficiency, and help customers increase production and reduce costs. At the same time, the Group will actively promote the market expansion of the two new businesses of "low-carbon and new energy technology business" and "smart oil and gas technology business". In overseas, in the Iraqi market, as the market further recovers, the Group will maintain efficient communication with customers to gain more market share. In other overseas markets, the Group will continue to focus on the oil and gas development opportunities in emerging markets, further expand its market footprint and expand business in new markets.

In terms of products and technologies, the Group will further implement its multiple separate business entities strategy covering inspection and digital services, oilfield management services, oilfield technical services and drilling rig services, promote independent operation of each entities and encourage them to give full play to their advantages in respective fields, while achieving effective and coordinated development among all entities to offer comprehensive products and technologies and maximize clients' resources value.

In terms of operation and management, the Group will seize market opportunities, set high-growth business goals, and achieve continuous cost reduction and efficiency enhancement through refined, lean, and information-based management to ensure sustained growth. At the same time, the Group will strive to pursue open up and bold innovation and breakthrough in growth through new products, new models and new markets.

In terms of ESG, the Group will continue to benchmark industry models, continue to improve, strengthen management, and make unremitting efforts around the corporate vision of efficient and harmonious development between mankind and the environment to achieve sustainable development.

**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, due to various uncertainties arising from the contract signing process, execution progress and client plan etc., and such information 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 solicitations 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, 19 January 2022

*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.*