

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)

Anton Oilfield Services Group Announces 2019 Interim Results Strong growth in domestic and overseas business, profit attributable to equity holders increased by 71.1% YoY Achieved RMB63.1 million Free Cash Flow

(27 August 2019, Hong Kong) **Anton Oilfield Services Group** (“Anton Oilfield” or the “Group”; Hong Kong Stock Exchange Stock Code: 3337), a leading independent oil and gas fields technical services provider, is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019 (the “Reporting Period”).

During the Reporting Period, the Group’s revenue of the Group increased by 41.6% from RMB1,165.9 million in the same period of 2018 to RMB1,650.6 million in the first half of 2019. Profit attributable to equity holders of the Company increased by 71.1% from a profit of RMB85.0 million in the same period of 2018 to a profit of RMB145.4 million for the first half of 2019. The net operating cash flow has increased by 489.0% to RMB268.0 million comparing to the same period in 2018, achieved free cash flow amounting of RMB63.1 million.

The Iraqi market continues to be promoted at a high quality

In the first half of the year, the Iraqi market recorded revenue of approximately RMB744.5 million, a significant increase of approximately 77.0% compared with RMB420.6 million for the same period last year. among which, the Group’s key oilfield management project (Majnoon project) in Iraq kept a high-quality, stable and efficient operation, which was highly praised by the customers. In the other markets in Iraq, the Group continued to promote high quality services in mature markets such as Halfaya and West Qurna-II oilfields, and actively participated in bidding for large-scale projects of international oil companies.

The Chinese market growing rapidly, continued breakthrough in market position

In the first half of the year, upstream production capacity building of the domestic market was fully accelerated, exploration and development investment in the markets of Xinjiang and Sichuan increased significantly, with strong oil and gas development services demand. During the Reporting Period, the Group’s Chinese market recorded revenue of approximately RMB672.5 million, a significant increase of approximately 62.5% compared with RMB413.8 million for the same period last year. received new orders in the Chinese market of approximately RMB1,648.2 million, an increase of approximately 69.8%

compared with RMB970.6 million for the same period last year.

In 2019, China's high-end market of Xinjiang showed a great development, the exploration and development activities were concentrated in the Tarim basin and the circum-Mahu lake basin. The Group has advantages in the market and a substantial market position. In the first half of the year, the Group's new orders from the Xinjiang market reached RMB742.6 million, an increase of 109.6% compared with the same period in 2018. The growth in the Xinjiang market has resulted in the continued and significant increase of order quality.

At the same time, the development of the shale gas market in southwestern China has also picked up pace. In order to meet the demand of customers for heavy equipment while satisfying the requirements of the Group's asset-light development strategy, the Group has adopted the "equipment alliance" approach to integrate drilling and completion equipment of several independent service companies. In the first half of the year, in the qualification bidding of shale gas drilling project in Sichuan, the Group won for 14 fleets who successfully got passed, which accounted for almost 50% market share of independent service companies that won the bidding.

Significant growth in cash flow

In the first half of 2019, based on the continuous optimization of the Group's business structure, the Group continued to strictly control the overall process from order, procurement, operation to payment, and comprehensively improved inventory turnover, accelerated collection of accounts receivable while continued to keep capital expenditures under strict control. Beyond a continuous profit growth, it is more remarkable on its strong growth on cash flow. The Group achieved positive free cash flow in the first half of a year for the first time, which even exceeded the amount for the full year of 2018.

In the first half of the year, the Group's accounts receivable is approximately RMB1,997.6 million, and the average turnover days of accounts receivable were 212 days, a decrease of 53 days from the same period last year; average inventory turnover days were 125 days, a decrease of 33 days from the same period last year; average accounts payable turnover days were 80 days, a decrease of 55 days compared with the same period last year. Operating cash flow was RMB268.0 million, a significant increase of RMB222.5 million compared with RMB45.5 million for the same period last year.

Outlook

The strategic goal of 2019 is "to become the leading production-increasing cost-reducing integrated technology service company in global emerging markets". The Group will continue to focus on emerging markets for global oil and gas development, provide integrated technology services to increase production and reduce costs, continue to increase market share and improve business quality, increase return on assets, and create good free cash flow for healthy leap-forward development.

In terms of market, in Iraq, the Group will continue to provide integrated management services to customers in the Majnoon oilfield to help customers maintain efficient oilfield operations and expand production capacity while leveraging the driving forces of the Majnoon project to win more project opportunities. In addition, the Group will spare no efforts to expand into the market of other international oil company customers in Iraq, and strive for replication of the "integrated turn-key" model project; in

other overseas markets, under the premise of controlling risks and ensuring safety of funds, we will strive for quality projects, occupy a core market position while controlling risks and achieving rapid growth under the premise of security. In the Chinese market, the Chinese government plans to further increase oil and gas resources development in 2019 to ensure national energy security. The major oil company customers in China are expected to further increase oil and gas development capital expenditures significantly. The Group will seize this market opportunity and provide high-end technical services in new technology markets, natural gas markets, unconventional markets, and high-quality international oil company customer markets to help customers rapidly increase production capacity.

In terms of product, technology and service capabilities, the Group will strive to create a full range of products and services to help customers achieve their strategic goals through full process, full series and integrated services. At the same time, we will focus on the development of specialized technologies for increasing production and reducing costs with reservoir geology technology as the core.

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About Anton Oilfield Services Group

Anton Oilfield Services Group (Hong Kong Stock Exchange Stock Code: 3337) is a leading independent integrated oilfield engineering and technical services provider. The products and services of the Group cover the entire process of development and production cycle of oil and gas resources, including integrated services, drilling services, well completion services and down-hole operations, with comprehensive network coverage over prime business areas in China and global markets, spanning across 14 countries including China, Middle East, Central Asia and Africa, and the Americas, providing solutions from multiple perspectives to oil companies for resolving the issues of increasing production, improving speed, reducing cost, safety and environmental protection in oil and gas fields. The Group's rapid growth has benefited from the resource advantages in China and business expansion in overseas markets, now it has become the best private oilfield engineering and technical cooperation partner in China and the best Chinese partner in global operations. The Group's strategic objective is to become a global leading oilfield technical services company based in China.

This press release is issued by Wonderful Sky Financial Group Company Ltd. on behalf of Anton Oilfield Services Group

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