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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 2022 and Outlook for the First 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 October to 31 December 2022 (the “**Quarter**”).

OVERVIEW OF OPERATIONS IN THE FOURTH QUARTER OF 2022

During the Fourth Quarter, oil and gas prices continued to fluctuate due to the impact of international geopolitical conflicts and the impact of economic stagnation on the demand for crude oil. In the domestic market, with the rapid spread of Omicron in many places in China, during the Quarter, Xinjiang, Sichuan and other places continued the strong epidemic control since the Third Quarter for a long time, and the acquisition of some orders and the execution of projects of the Company were also greatly affected. In the overseas markets, oil and gas development continued to be active, the Group's orders in Iraq and other emerging markets continued to grow, and its operating projects were executed efficiently.

ORDERS IN THE FOURTH QUARTER OF 2022

During the Fourth Quarter, the Group's new orders amounted to approximately RMB975.6 million, representing an increase of 3.6% as compared to the same period of last year. Among which, new orders in the PRC market amounted to approximately RMB395.8 million, representing a decrease of 37.4% as compared to the same period of last year; new orders in the Iraqi market amounted to approximately RMB482.2million, representing a significant increase of 91.7% as compared to the same period of last year; new orders in other overseas markets amounted to approximately RMB97.6 million, representing a significant increase of 69.3% as compared to the same period of last year.

In the PRC market, during the Quarter, the rapid spread of the epidemic and the strict epidemic control had large impact on the development of the Group's domestic business activities, and the new orders decreased year-on-year. During the Quarter, the Group' new orders of domestic business were mainly light-asset projects such as drilling tool leasing and inspection, and integrated technical services centered on oil reservoir geology.

In the overseas markets, oil and gas development continued to be active, the Group seized market opportunities and actively leveraged its competitive advantages to continuously make breakthroughs in orders in key markets. In Iraq, the Group continued to win project orders for drilling rig services, oilfield operation and maintenance services, inspection technology services and well completion tool sales. In other overseas markets, the Group won project orders for light-asset leasing business and well completion technical services in the Southeast Asian market, directional drilling services in the Kazakhstan market, and well completion tool sales in the North American market.

OPERATION IN THE FOURTH QUARTER OF 2022

During the Fourth Quarter, the execution of orders in the overseas markets of the Group accelerated in all aspects. In the Iraqi market, the Group's key projects, such as the drilling rig service projects and oilfield operations and maintenance projects, all maintained efficient operation and high-quality delivery. In other overseas markets, the Group's projects in West Africa, Southeast Asia and other markets were steadily implemented. In the PRC market, the spread and prevention and control of the epidemic in many places put great pressure on the business execution of the Group. The Group actively exerted its spirit of hard work and spared no effort to ensure the normal development of projects, but the execution efficiency of projects in some regional markets was still greatly affected.

As of 31 December 2022, the Group's order backlog amounted to approximately RMB8,609.8 million. Among them, order backlog in the PRC market amounted to approximately RMB4,548.9 million, accounting for approximately 52.8% of the Group's total order backlog, and order backlog in the Iraqi market amounted to approximately RMB3,404.9 million, accounting for approximately 39.6% of the Group's total order backlog, order backlog in other markets amounted to approximately RMB656.0 million, accounting for approximately 7.6% of the Group's total order backlog.

Remarks: Order backlog 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 backlog will be reduced by the execution of contracts, and management's adjustment of backlog due to unexpected changes in the market.

MANAGEMENT OF THE COMPANY IN THE FOURTH QUARTER OF 2022

During the Fourth Quarter, the tense situation of epidemic in local market and the continuing upward trend of global inflation brought great challenges to the Group's operations. At the same time, the Group was under great pressure of large amount of capital outflow due to the maturity of the 2022 USD Bonds on 2 December. In addition to ensuring the execution of the front-line business, during the Quarter, the Group put its top priority on cash flow control and guaranteeing the successful repayment of USD Bonds, fully strived for the recovery of account receivables, and set up a special work group to ensure the achievement of management objectives. Under the joint efforts of the Group, the special work received extensive support from customers and partners and achieved good results. On 2 December, the Group successfully completed the repayment of 2022 USD Bonds on schedule and achieved good cash flow management objectives.

In addition, the implementation of the Group's asset securitization project also made significant progress during the Quarter. The Group's wholly-owned subsidiary, T-All Inspection Group Co., Ltd. ("**T-All Inspection**") successfully introduced strategic investors with state-owned assets background. The strategic investors increased capital of approximately RMB197.7 million in total to T-All Inspection, accounting for approximately 15.23% of the shares of T-All Inspection after the capital increase, and the Group remained the controlling shareholder of T-All Inspection with a shareholding ratio of approximately 84.77%. The capital increase will further optimize the governance structure of T-All Inspection and enhance its operational independence. The strategic investors will maximize the synergies with T-All Inspection and promote business development, and meanwhile, they will work together with the Group to promote the spin-off and listing project to run smoothly.

OPERATIONAL OUTLOOK FOR THE FIRST QUARTER OF 2023

Since the First Quarter of 2023, with the full liberalization of the pandemic prevention policy in the PRC, the demand for oil and gas in the global market will further increase. On the supply side, the conflict between Russia and Ukraine had reshaped the landscape of global oil and gas supply, and the global oil and gas industry has broad room of development. The Group will grasp the market opportunities to achieve high-quality development.

In terms of market, the Group will continue to intensify its efforts to explore overseas markets by especially capturing market opportunities from international oil companies and national oil companies in markets such as Iraq, West Africa, and Southeast Asia, and striving for breakthroughs in new projects and orders landing. In the PRC market, the Group will continue to focus on natural gas and unconventional energy projects, centered on its core geological technologies, and strive to secure orders of high-quality light-asset projects.

In terms of products and technologies, the Group will further implement the multi-entity operation strategy to drive the high-quality growth in each business sector. In the aspect of oilfield management services, the Group will strive to further replicate the success of the oilfield management business model globally. In the aspect of oilfield technical services, the Group will focus on reservoir geological technology to achieve comprehensive development of the precision engineering services in the international and domestic markets. In the aspect of the inspection business, with the support of the Group and strategic investors, T-All Inspection will continue its digitalization transformation and become a leading intelligent service company with international competitiveness in China. In the aspect of drilling rig services, the Group will take advantage of the industry recovery opportunities after the pandemic, realizing the continuous growth of the drilling rig service business.

In terms of operation and management, the Group will continue to strengthen project management throughout the process, taking high returns and positive cash flow as its core operating indicators, continue to transform into an asset-light operating model, deliver high-quality operation effects to customers, and deliver high-quality results to investors, ultimately achieving a win-win situation for all parties.

In terms of environment, social and governance (ESG), upholding its corporate vision of becoming “a model for the efficient and harmonious development of humanity and the environment”, the Group will continue to work together with all stakeholders to continuously improve ESG management, effort to be the industry benchmark.

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, 18 January 2023

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.