

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)

2024 INTERIM REPORT



ANTON 安東



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ANTON 安東



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LUO Lin
Mr. PI Zhifeng
Mr. FAN Yonghong

Non-executive Director

Mr. HUANG Song

Independent Non-executive Directors

Mr. ZHANG Yongyi
Mr. ZHU Xiaoping
Mr. WEE Yiau Hin

AUDIT COMMITTEE

Mr. ZHU Xiaoping (Chairman)
Mr. ZHANG Yongyi
Mr. WEE Yiau Hin

REMUNERATION COMMITTEE

Mr. WEE Yiau Hin (Chairman)
Mr. ZHU Xiaoping
Mr. LUO Lin

NOMINATION COMMITTEE

Mr. ZHANG Yongyi (Chairman)
Mr. WEE Yiau Hin
Mr. LUO Lin

ESG (“ENVIRONMENT, SOCIETY AND GOVERNANCE”) COMMITTEE

Mr. PI Zhifeng (Chairman)
Mr. LUO Lin
Mr. FAN Yonghong

AUTHORIZED REPRESENTATIVES

Mr. LUO Lin
Ms. Nelly AU-YEUNG

COMPANY SECRETARY

Ms. Nelly AU-YEUNG

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AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS

as to Hong Kong and U.S. law:

Sidley Austin

as to PRC law:

Tiger Partner

as to Cayman Islands law:

Maples and Calder

PRINCIPAL BANK

Citi Bank
Shanghai Pudong Development Bank
China Merchants Bank
Industrial Bank Co., Ltd

STOCK CODE ON MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

3337

DATE OF LISTING

14 December 2007

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, international geopolitical conflicts escalated, inflationary pressures persisted, and macroeconomic developments showed greater instability and imbalances. From the perspective of the oil and gas industry, international oil prices generally remained at a medium-high level in the first half of the year, and oil and gas exploration continued to be active worldwide. The Group continued to promote globalization and upgrading of its business development, seized market opportunities and made further breakthroughs in performance with its eight comprehensive solutions for the future development of oil companies.

In the first half of the year, the Group's revenue increased by 15.0% year on year, with growth in overseas business being particularly significant. Revenue from the overseas business amounted to RMB1,511.1 million, representing an increase of 23.0% and accounting for 69.4% of the Group's revenue. In the China market, the Group continued to focus on reservoir geo-technology, with technology-driven asset-light services as a new growth driver, and revenue amounted to RMB665.2 million, an increase of 0.2% compared to the corresponding period of 2023, accounting for 30.6% of the Group's total revenue.

In term of market, the Group continues to deepen its global market expansion and actively engages in technology and cooperation communications with customers and partners in the world's emerging markets. In addition to gaining a firm foothold in the traditional advantage market of China, the Group is actively arranging and continuing to cultivate the Middle East, Southeast Asia, Central Asia, Africa and other places, and continues to make new achievements. In the first half of this year, the Group's new orders totaled RMB4,871.1 million, of which orders from the overseas markets continued to grow significantly, reaching RMB3,230.5 million, an increase of 94.3%, and new orders from the Chinese market were RMB1,640.6 million, basically the same as the same period of 2023. As at 30 June 2024, the Group's order backlog reached RMB12.69 billion, a record high, laying a solid foundation for the Group's rapid development in the coming years.

In term of products and services, with eight full-round comprehensive solutions for the future development of oil companies, the Group meets customers' comprehensive and diversified development needs in the whole process of oil and gas development, and continuously optimizes and upgrades its products and services. During the period, the Group achieved another major breakthrough in its oilfield management business model in the Iraq market, and successfully won the bid for the development right of Dhufriyah oilfield in the supplementary fifth and sixth rounds of bidding for oil and gas field blocks in Iraq. The Group will participate in the development of the block as operator for a period of 25 years. Winning the bid marks a key step for the Group in the field of oil and gas development and a new milestone in the development of its business in Iraq. The Group's online platform ecosystem, such as Anton Oil & Gas Mall (安同油氣商城), Oil & Gas Exposition (油氣展館), Oil Mates We Media (石油同學自媒體), etc., continued to help the Group to expand its market presence, to empower its business development, and its digital intelligence sales continuously strengthens its competitiveness of platform resources. In addition, in the first half of this year, the development of artificial intelligence technology accelerated, and new models and business forms emerged in the digital integration of global industries. The Group continued to accelerate its digital and intelligent transformation, successfully launched a professional and open large model artificial intelligence platform for the oil and gas industry, proposed the artificial intelligence solution for oil and gas development, and officially launched the GPT cloud platform, a professional and open large model for the global oil and gas industry, striving to promote the development of artificial intelligence solutions for the oil and gas industry.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of management, the Group continued to emphasize cash flow operations, strengthened full-cycle cost control, optimized debt structure, achieved cost reduction and efficiency gains as well as sustained strong cash flow performance. In the first half of the year, the Group achieved net operating cash inflow of RMB345.7 million and free cash flow of RMB197.2 million. The Group further broadened its co-operation with financial institutions and the amount of bank facilities granted continued to grow. In order to better support the Group's global business development, the Group further optimized and adjusted its organizational structure and operation management system, and reallocated a series of operation management departments head offices to Dubai, so as to better approach and support the global business developments. Meanwhile, the Group further recruited outstanding talents with international vision and working ability to join the Group globally, and continuously strengthened the construction of its globalized talents pools to empower the business. In addition, the Group has further deepened its management informationisation, optimized and upgraded its internal data integration platform to realize the real-time automatic presentation of data and information on various indicators such as operations, business and finance, and to achieve data interconnection and interoperability, with a significant increase in data accuracy, which has significantly improved its management efficiency, accelerated its business growth, and effectively supported its business development. The Group also attached great importance to investor value and shareholders' return, and resumed its annual dividend payment instantly after the Group's performance recovered from the effect of the epidemic. The full-year dividend for 2023 of approximately RMB39.0 million was paid in cash after it was approved by shareholders at the annual general meeting in May. In addition, the Group has also made proactive market capitalization management and initiated share buybacks at appropriate times in light of market conditions and cash on hand, to enhance shareholders' returns.

In terms of ESG, focusing on the Group's medium- and long-term carbon reduction targets, the Group has continued to maximize emissions reductions in its operations and help its customers to achieve emissions reductions through innovations in technology and service models, as well as efficiency improvements in management and operations. The Group actively fulfills its social responsibilities by actively participating in community welfare and poverty alleviation work in China. In overseas, the Group continues to provide active assistances in countries and regions where the Group operates by material donations, technology communications, talent training, etc. The Group continues to strengthen the recruitment and training of localized talents and promote technological innovation based on the concepts of openness, inclusiveness, fairness and diversification, so as to positively contribute its corporate strengths to the development of the society. In July, S&P Global released the 'Sustainability Yearbook (China Edition) 2024', and the Group was successfully selected as one of the companies in the yearbook, which is the first time for a Chinese oilfield service company to receive this recognition, signifying that the Group's unremitting efforts in sustainable development have achieved solid results; in addition, the Group was once again selected as a winner of the sixth 'China's Excellent Managed Companies' award released jointly by Deloitte China, the Bank of Singapore, the Hong Kong University of Science and Technology's School of Business, and the Chinese edition of the Harvard Business Review. These accolades are a testament to the Group's continuous efforts and outstanding performance in its vision of 'becoming a model for the harmonious development of people and the environment'.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Results

In the first half of 2024, the Group's revenue was RMB2,176.3 million, an increase of RMB283.9 million or 15.0% compared with the same period of 2023; operating profit was RMB306.2 million, an increase of RMB28.3 million or 10.2% compared with the same period of 2023; net profit was RMB111.6 million, an increase of approximately 7.9% compared with the same period of 2023, which was RMB103.4 million; and the profit attributable to the equity holders of the Company was RMB105.9 million, an increase of RMB8.0 million or approximately 8.2% compared with the same period of 2023, which was RMB97.9 million, with the net profit margin attributable to equity holders of the Company being 4.9%.

As at 30 June 2024, the Group's accounts receivable balance was approximately RMB2,200.3 million, and the average accounts receivable turnover days was 184 days, representing a decrease of 5 days as compared with the same period of 2023; the average inventory turnover was 107 days, representing a decrease of 21 days as compared with the same period of 2023; the average accounts payable turnover days was 108 days, representing an increase of 17 days as compared with the same period of 2023. Net operating cash flow was RMB345.7 million, representing an increase of RMB4.5 million as compared to RMB341.2 million in the same period of 2023. Free cash flow was RMB197.2 million, an increase of RMB25.8 million compared to RMB171.4 million in the same period in 2023.

Geographical Market Analysis

In the first half of 2024, the Group's revenue from the overseas markets amounted to RMB1,511.1 million, representing an increase of RMB282.3 million, or 23.0%, from RMB1,228.8 million in the corresponding period of 2023, and its share of the Group's total revenue was 69.4%. In breakdown, revenue from Iraq was RMB1,241.1 million, an increase of RMB251.1 million or 25.4% from RMB990.0 million for the corresponding period of 2023, accounting for 57.0% of the Group's total revenue. Revenue from the other overseas markets was RMB270.0 million, an increase of RMB31.2 million or 13.1% from RMB238.8 million for the corresponding period of 2023, accounting for 12.4% of the Group's total revenue. Revenue from the domestic market was RMB665.2 million, an increase of RMB1.6 million, or 0.2%, from RMB663.6 million for the corresponding period of 2023, accounting for 30.6% of the Group's total revenue.

Breakdown of Revenue by Market

	Six months ended 30 June			% of the Group's total revenue	
	2024 (RMB Mn)	2023 (RMB Mn)	Change (%)	Six months ended 30 June 2024 (%)	2023 (%)
Iraq	1,241.1	990.0	25.4%	57.0%	52.3%
Other overseas	270.0	238.8	13.1%	12.4%	12.6%
Total overseas	1,511.1	1,228.8	23.0%	69.4%	64.9%
Domestic	665.2	663.6	0.2%	30.6%	35.1%
Total	2,176.3	1,892.4	15.0%	100.0%	100.0%

Overseas Markets

Iraq

The Iraq market is currently a mature market contributing to the largest proportion of the Group's overseas revenue. The Group has been deeply involved in the Iraq market for more than 15 years and has developed a strong internationalized and integrated service capability. In addition to the traditional advantageous technical services, the Group's oilfield management business in the Iraq market has become an asset-light and innovative business model that the Company has focused on in recent years and has continued to achieve rapid growth.

In the first half of 2024, the Group's integrated oilfield management projects continued to be successfully renewed. Meanwhile, the Group continued to actively leverage its business strengths and secured high value orders such as oilfield management, oilfield operation and maintenance, inspection, production enhancement and well completion technical services. In addition, in the first half of the year, the Group achieved another major breakthrough project in the regional market by winning the bid for the development rights of the Dhufriyah oilfield in the supplementary fifth and sixth rounds of the Iraq oil and gas field block bidding, with a development period of 25 years, in which the Group will participate in the development of this oilfield block as an operator. The oilfield block has relatively low risk and high reserve recovery, with good development potential and economic value. Winning this oilfield development block project marks a key step for the Group in the field of oil and gas development and opens a new milestone in the development of its business in Iraq. The Group had completed the conformation of basic commercial terms and conditions and the initiation of the contract and is now actively promoting the signing of the formal contract with the customer.

In terms of project execution, the Group's integrated oilfield management projects in this market have helped customers achieve long-term and stable development of oilfields with continuous high quality services. The scope of services has continued to expand and its influence has continued to grow. As at 30 June 2024, a high standard of Health, Safety, Security and Environment (HSSE) performance with continuous over 2,100 days of Lost Time Injury (LTI) Free has been achieved, which has been highly praised by the client. The high quality of this project fully demonstrates the success of the Group's integrated oilfield management project model and the Group's absolute strength in integrated oilfield management capabilities and lays a solid foundation for the Group's further large-scale development in this market in the future. The Group's projects in other oilfields in Iraq have also set a number of outstanding records based on its technical and service capabilities. In April, the Group was awarded as the 'Contractor with Outstanding Contributions' by the client in one oilfield in Baghdad, a high recognition of the Group's hard work and achievements in the oilfield over the past five years, and the Group's professional and technical capabilities, premium management standards and commitment to customer service.

During the first half of the year, the Group continued to deepen its presence in the renewable energy sector and once again made significant progress by winning the tender for a service project for new energy photovoltaic power generation facilities in the central and northern Iraq markets, demonstrating the Group's strong commitment and continuous efforts in the new energy market.

In the first half of 2024, the Group secured new orders from the Iraq market totaling approximately RMB2,834.5 million, representing a significant increase of 113.4% over the same period in 2023. Revenue from the Iraq market in the first half of 2024 was approximately RMB1,241.1 million, an increase of approximately 25.4% compared to the revenue of RMB990.0 million in the same period last year.

(Note: The newly awarded Dhufriyah oilfield management project in the Iraq market does not have a firm order amount at present as the business model is different from the Group's traditional service model and the Group will act as an operator for the first time and be responsible for the overall development of the oilfield for the next twenty-five years, therefore this project has not been included in the amount of total new orders.)

MANAGEMENT DISCUSSION AND ANALYSIS

Other Overseas Markets – Global Emerging Markets

During the first half of 2024, the Group's business in the global emerging oil and gas development markets continued to grow steadily. In developing its business in emerging markets, the Group adhered to prudent operating principles and focused on light-asset services such as oilfield management, asset leasing and inspection services.

During the period, the Group continued to deepen its global business transformation, actively explored new markets and new customers, established a regular market development management mechanism, and comprehensively promoted the construction of digital intelligence sales to facilitate global market expansion. In the first half of the year, the Group also made full use of the opportunities provided by major oil and gas exhibitions in emerging markets around the world, and actively communicated with key customers and partners in Southeast Asia, Central Asia, Africa and the Gulf Cooperation Council (GCC) countries.

During the first half of 2024, the Group's businesses in the other overseas markets operated steadily. As at 30 June 2024, the Group's integrated oilfield management project in the Chad market in Africa had successfully achieved more than 4 million hours of Lost Time Injury (LTI) Free. In other projects in this market, the Group continued to overcome technical difficulties and create outstanding value for customers. The Group's associated gas treatment demonstration project in the Indonesian market was successfully commissioned. This is the first associated gas carbon emission reduction project done by the Group's asset leasing service, which is of great significance for the Group's participation in global carbon emission reduction initiatives.

In order to further promote the rapid development of the global market, the Group also vigorously promoted the recruitment of international and local talents in the other overseas markets, and conducted a series of campus presentations and recruitment in universities in Egypt, Indonesia, Dubai, Malaysia and Pakistan to attract outstanding international talents to join the Group for mutual development.

In the first half of 2024, the Group's total new orders in the other overseas markets amounted to RMB396.0 million, representing an increase of 18.6% compared to the same period of 2023. In the first half of 2024, revenue from the other overseas markets amounted to approximately RMB270.0 million, representing an increase of approximately 13.1% as compared to RMB238.8 million in the corresponding period of 2023.

Domestic Market

In the first half of 2024, the Group continued to promote business upgrading in the PRC market, with reservoir geological research as the core, leading industrial growth through technology. During the period, the Group actively promoted technological innovation and provided customers with customized and integrated solutions to maximize asset efficiency. During the period, the Group achieved a number of breakthroughs in technological innovation, which continued to create outstanding value for customers in terms of increased production and efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, production from the Group's geological engineering integration project in the North China market exceeded the design target by a factor of 2.43 times and received cash prize from the customer; the Group's Southwest shale gas wells set a new record for the deepest daily depth in the block and the highest mechanical drilling speed in a single day with high-quality and efficient construction; and the Group's project in Shanxi Jincheng set a record for the largest fracking scale in the region by adopting the "excellent and fast" mode of efficient resource integration. In terms of new business development, the Group integrated oil and gas field experience with artificial intelligence technology, established a professional artificial intelligence technology team, comprehensively applied artificial intelligence models in 48 oil and gas operation scenarios, and enhanced the application of intelligent technology in the industry, which was selected as one of the "2024 Selected Scenarios of Digital Innovation and Application of Chinese Enterprises" released by the CIO Summit Forum of the Third China International Software Development Conference. Through the close integration of traditional oil and gas development and advanced artificial intelligence technology, the Group has achieved outstanding results such as reducing the data processing time by 25%, increasing the accuracy of oil and gas development field operation decision-making by 15-20%, increasing the overall production volume of regular oil and gas fields by 8%, increasing the production effect of old Wells by 8%, and reducing the drilling time of new wells by about 5%.

The Group continued to promote the development of the ecological platform. During the period under review, the Group organized the "2024 Partners Theme Reception", inviting more than 100 partners from oil companies, banks and financial institutions, as well as key partners to participate in the reception, with the theme of "Platform Sharing, Empowerment and Collaboration", to promote mutual exchange and empowerment and collaboration among industry partners, and to provide a platform for cooperation and exchange for industry ecological partners, gave full play to the role of Anton platform, and enhanced the Group's brand influence.

In terms of expanding strategic partners, in the first half of the year, the Group signed a strategic cooperation agreement with Kunlun Digital Technology Co, Ltd, under which the two parties will take advantage of their respective strengths to jointly promote oilfield digital intelligence and artificial intelligence for oil and gas development and other related business cooperation. For the development of asset leasing business, the Group has signed strategic cooperation agreements with a number of resource parties to further integrate resources, expand markets, and cooperate with resource parties for supply. In addition, the Group carried out school-enterprise exchange and cooperation activities with a number of domestic universities, such as China University of Geosciences and China University of Petroleum, aiming to deepen the cooperation between the industry, academia and research, promote scientific and technological innovation and talent cultivation, promote the transformation and application of scientific research achievements of the universities and cultivate high-quality talents in petroleum engineering and geological exploration through the industry-academia-research co-operation projects, joint laboratories and internship and training bases.

In the first half of 2024, the Group secured new orders of approximately RMB1,640.6 million in the China market, basically unchanged from RMB1,667.0 million in the same period last year, while the project structure in the China market continued to be optimized and orders for asset-light project services continued to increase. The China market recorded revenue of approximately RMB665.2 million in the first half of 2024, an increase of 0.2% from RMB663.6 million in the corresponding period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Cluster Analysis

During the Reporting Period, the Group's revenue from the inspection services was RMB168.3 million, marking a slight decrease of approximately 2.8% compared to the first half of 2023. Revenue from inspection services accounted for 7.7% of the Group's total revenue in the first half of 2024. Revenue from oilfield management services amounted to RMB900.6 million, reflecting a growth of approximately 19.9% compared to the first half of 2023, accounting for 41.4% of the Group's total revenue in the first half of 2024. Revenue from oilfield technical services amounted to RMB981.5 million, an increase of approximately 24.9% in comparison to the first half of 2023, accounting for 45.1% of the Group's total revenue in the first half of 2024. Revenue from drilling rig services experienced a decrease of approximately 30.9% during the first half of 2024, amounting to RMB125.9 million, accounting for 5.8% of the Group's overall revenue in the first half of 2024.

Revenue Breakdown by Cluster

	Six months ended 30 June			% of the Group's total revenue	
	2024 (RMB Mn)	2023 (RMB Mn)	Change (%)	Six months ended 30 June 2024 (%)	2023 (%)
Inspection services	168.3	173.1	-2.8%	7.7%	9.2%
Oilfield management services	900.6	751.0	19.9%	41.4%	39.7%
Oilfield technical services	981.5	786.1	24.9%	45.1%	41.5%
Drilling rig services	125.9	182.2	-30.9%	5.8%	9.6%
Total	2,176.3	1,892.4	15.0%	100.0%	100.0%

Inspection Services Cluster

Inspection services was set up as one of the core businesses at the Group's starting up period. In recent years, it has become a focus of development with its asset-light business model. The Group's inspection business was operated under its subsidiary 'T-ALL Inspection'. Currently, the T-All Inspection Group has developed into the largest, full license and full-service inspection services provider in the natural gas sector in China. It is an inspection company with its core vision of lifting the safety operation, utilization efficiency of oil and gas equipment and facilities, decreasing energy and materials consumptions and achieving carbon neutrality. T-All Inspection has operated in major natural gas fields in China such as Tarim, Sichuan, and Erdos, and has achieved breakthroughs in expanding into overseas markets in the Middle East, Central Asia, and Africa along the Belt and Road.

Inspection services has implemented the development plan of 'One Main Business and Two New Businesses', with the main business being 'Asset Integrity Management-centered Inspection Technology Services', which provides technical services including non-destructive testing, oil casing testing, gas seal testing, pipeline testing, metrology testing, etc., covering the entire process of natural gas development, production, storage and transportation, as well as metrology. At the same time, the Group is promoting the strategic development of the 'two new' businesses - 'Carbon Reduction Technology Services' and 'Intelligent Inspection Technology Services'. Environmental inspection is carried out around carbon neutrality and carbon peak targets, and new-generation technologies such as big data, artificial intelligence and the Internet of Things will be used to continuously improve intelligent service capabilities, help customers reduce costs, ensure asset safety, and achieve energy saving, efficiency improvement, safety and environmental protection.

MANAGEMENT DISCUSSION AND ANALYSIS

As the first asset securitization project under the Group's multi-entity business strategy, the Group is now promoting the spin-off of T-All Inspection for an independent listing in the capital market of Mainland China. Due to the current macro capital market conditions, the Group is expected to delay the listing plan. In order to avoid the listing project from being restricted by the required listing time and other restrictions stipulated in the investment agreement signed by the previously introduced strategic investors of T-All Inspection and the corresponding negative financial impacts it will lead, the Group has resolved to propose to the strategic investors to repurchase the shares of T-All in cash, after the discussion and approval by the board of directors of T-All Inspection and the Group. On 6 September 2024, the Group reached agreements with five strategic investors on the repurchase of their equity interests for an aggregate consideration of approximately RMB249.5 million. Upon completion of the repurchase, the Group's interest in T-All Inspection increased from 81.3% to 96.3%. Please refer to the announcement of the Company dated 8 September 2024 for details.

In the first half of 2024, the Group's revenue from inspection services amounted to RMB168.3 million, representing a decrease of 2.8% from RMB173.1 million in the same period of the last year.

EBITDA from inspection services decreased from RMB60.5 million in the first half of 2023 to RMB50.9 million in the first half of 2024, representing a decrease of 15.9%. EBITDA margin of inspection services in the first half of 2024 was 30.2%, reflecting a decrease of 4.8 percentage points compared to 35.0% in the same period last year.

(Note: Due to the influence of internal related services of the Group, there is a certain difference between the disclosure data of inspection service as a business division of the Group and the inspection business data of T-All Inspection as an independent legal entity to be spun off and listed)

Oilfield Management Services Cluster

Equipped with comprehensive oil and gas resource development technologies and professional oil and gas field management teams, the Group is committed to providing customers with optimal oil and gas field management and related ancillary services to maximize the value of their assets. The Group's oilfield management service network covers Iraq, West Africa, China and other regions, and has established solid cooperative relationships with its clients through its high-quality services. Since 2018, the oilfield management services provided by the Group at the Majnoon oilfield in Iraq have been highly praised by our customers, and the Group has continued to expand the scope of cooperation. Meanwhile, the integrated oilfield management projects in the Chad market also maintained stable operations.

During the Reporting Period, the Group made another breakthrough in its oilfield management service model by winning the bid for the 25-year development right of the Dhufriyah oilfield in Iraq, where the Group will be responsible for the overall development of the oilfield as operator for the first time. The Group is also actively extending this business model to other emerging markets around the world.

In the first half of 2024, the Group's business in the oilfield management services segment continued to achieve steady growth, with revenue amounting to RMB900.6 million, representing an increase of 19.9% as compared to RMB751.0 million in the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of major product lines in this cluster:

- 1) Integrated oilfield management services: During the Reporting Period, revenue from the integrated oilfield management services product line amounted to RMB546.8 million, representing an increase of 10.2% as compared to RMB496.1 million in the corresponding period last year.
- 2) Oilfield operation and maintenance services: In the first half of 2024, revenue from the oilfield operation and maintenance services product line amounted to RMB353.8 million, showing an increase of 38.8% compared with RMB254.9 million in the corresponding period of 2023.

The EBITDA of the oilfield management services segment increased from RMB282.0 million in the first half of 2023 to RMB300.7 million in the first half of 2024, showing an increase of 6.6%, and the EBITDA margin was 33.4%, a decrease of 4.1 percentage points compared with 37.5% in the first half of 2023.

Oilfield Technical Services Cluster

Oilfield technical services is a technical services business in which the Group has traditional strengths. The Group has integrated technical service capabilities covering the entire life cycle of oil and gas development, and provides customers with geological technology, drilling technology, completion technology, production enhancement technology services and asset leasing services in the industry with the core of reservoir geological technology, so as to enhance the efficiency of customers' resource development and maximize the value of reservoir assets through precise services. The Group is also actively promoting the development of green technologies. Meanwhile, the Group is actively promoting green transformation and is committed to expanding the low-carbon new energy business.

During the Reporting Period, in addition to providing customized technical services, the Group helped its customers to develop its oil and gas reservoirs more accurately and efficiently through a series of integrated solutions, thereby significantly improving the overall efficiency of resource development. The Group's asset leasing business also continued to achieve new market breakthroughs.

In the first half of 2024, revenue from the oilfield technical services segment amounted to RMB981.5 million, representing an increase of 24.9% compared to RMB786.1 million for the same period last year.

Analysis of the oilfield technical services by product line:

- 1) Drilling technical services: In the first half of 2024, this product line recorded revenue of RMB181.5 million, representing an increase of approximately 35.8% from RMB133.7 million in the same period last year.
- 2) Well-Completion technical services: In the first half of 2024, this product line recorded revenue of RMB156.9 million, an increase of approximately 58.5% from RMB99.0 million in the same period last year.
- 3) Stimulation technical services: In the first half of 2024, this product line recorded revenue of RMB508.5 million, representing an increase of approximately 12.4% from RMB452.5 million in the first half of 2023.
- 4) Asset leasing services: In the first half of 2024, this product line recorded revenue of RMB134.6 million, reflecting an increase of 33.4% from RMB100.9 million in the same period last year.

EBITDA of the oilfield technical services segment increased by 17.5% from RMB214.7 million in the first half of 2023 to RMB252.2 million in the first half of 2024, and the EBITDA margin was 25.7%, a decrease of 1.6 percentage points from 27.3% in the same period of 2023.

Drilling Rig Services Cluster

Against the backdrop of the Group's strategy of full internationalization and upgrading and transformation into an asset-light and innovative business, drilling rig services, as a capital-intensive business, is no longer the focus of the Group's development. The Group will rely on its existing high-quality drilling technology, make full use of its own drilling rigs and integrate industry resources through the Group's eco-cooperation platform to achieve low-cost operations while providing efficient drilling services.

In the first half of 2024, the drilling rig services segment generated revenue of RMB125.9 million, representing a decrease of 30.9% compared to RMB182.2 million recorded in the same period last year.

The EBITDA of the drilling rig services segment decreased from RMB47.3 million in the first half of 2023 to RMB38.6 million in the first half of 2024, a decrease of 18.4%, with an EBITDA margin of 30.7%, an increase of 4.7 percentage points from 26.0% in the same period last year.

Alignment of Strategic Resources

In the first half of 2024, the Group continued to strictly control new capital expenditure in accordance with the 'asset-light' business model and the 'cash flow' core requirement. Capital expenditure in the first half of 2024 was RMB86.4 million, an increase of RMB26.8 million compared to RMB59.6 million in the same period of 2023.

Alignment of Investment

In the first half of 2024, the Group's investments were mainly complementary in equipment for projects under execution.

Alignment of Research and Development ("R&D")

In the first half of 2024, the Group placed emphasis on the improvement and innovation of relevant technologies or tools to align with the practical needs of customers to increase production and reduce costs and promoted the optimization and upgrading of the Group's products through technical cooperation. In the first half of 2024, the Group invested RMB49.3 million in research and development, representing an increase of 13.9% as compared to RMB43.3 million in the same period last year. Major research projects include:

- Research on fracturing visualization monitoring and evaluation technology;
- Research and development of ultra-high temperature oil-based drilling fluid technology;
- Development of high-performance special completion tools;
- Research and development of sand prevention serialization tools;
- Research and development of non-destructive inspection technology.

MANAGEMENT DISCUSSION AND ANALYSIS

Alignment of Human Resources

In order to further promote the global expansion of the Group's businesses, in the first half of 2024, the Group implemented a series of management changes and human resources optimization measures to strengthen the support provided by human resources to the business and improve the efficiency of operational management.

In the first half of the year, the Group accelerated the pace of the globalization of its organization and conducted a comprehensive review and adjustment of the Group's internal organization to significantly enhance the support provided by the Group's headquarters to the global business. The Group continued to optimize the construction of the global human resources management system, completing the sorting and updating of key systems such as global compensation and benefits, recruitment management, etc. to ensure standardization and internationalization; improved the Group's internal organization by phase and region, clarifying the scope of each department's responsibilities and optimizing workflow to improve the efficiency of decision-making and responsiveness, and to enhance the flexibility and adaptability of the organization to better serve our customers globally and regionally; guided each unit in the process of self-initiation, and provided guidance to each unit to improve its support for the global business. It also guided each unit to spontaneously improve its internal human resources and work efficiency assessment and evaluation system, in order to continuously enhance the motivation and initiative of its employees, strengthen the construction of its international workforce, and facilitate the development of its global business.

The Group has thoroughly explored the concept of global talent selection and cultivation, prepared a global leadership learning group, introduced and recruited outstanding talents in the oil and gas industry through a combination of internal and external channels, and is committed to cultivating global leaders who can adapt to the new era. In the first half of the year, the Group successfully established and expanded a comprehensive overseas recruitment network, established partnerships with some of the world's leading universities and launched a series of recruitment activities in emerging oil and gas markets such as Dubai, Egypt, Pakistan and Indonesia, utilizing international platforms to promote Anton's talent recruitment and training concepts to overseas universities, laying a solid foundation for the construction of a globalized talent pipeline. Mr. LUO Lin, Chairman of the Board, also shared the Group's innovative talent management concepts through the Company's Oil Mates multimedia platform, explaining and analyzing the Group's four core talent management strategies, namely "Focus on Selection, Boldly Hire, Encourage self-driven development and Empowering Growth". While sharing the Group's talent selection and training concepts, it also attracted international talents to join Anton and grow with the Group.

As of 30 June 2024, the total number of employees of the Group was 6,726, an increase of 216 compared to 31 December 2023, of which 4,233 were employees in the overseas, accounting for 62.9% of the total number of employees of the Group.

OUTLOOK

In the second half of 2024, global economic development still faces major risks such as inflation and geopolitics, and the global oil and gas demand and trade patterns are reshaped. In this context, both energy security and transition are given equal attention, and upstream investment shows a steady growth trend. The global natural gas market experienced a recovery in growth in the first half of the year and is expected to continue this trend in the second half. With strong demand growth in Asia, the global gas balance is tightening, providing strong support for upward prices. The Group will seize industry opportunities, actively explore emerging markets, maintain the strong momentum in operations and project execution, and promote the rapid conversion of orders into revenue with high quality and efficient operations.

In terms of market, the Group will continue to implement the global business transformation strategy and focus on exploring new markets in key countries. The Group will continue to strengthen its sales force, improve its sales strategy, and promote the implementation of major breakthrough projects; implement project sales in the base area, explore the regional market, analyses customers' demand in depth, and create imaginative project opportunities; at the same time, continue to implement digital intelligence sales in a comprehensive manner, combine the online digital intelligence sales platform with offline field promotion, unleash sales potential, and connect customers with product and project opportunities across regions and time zones. Adhere to continuous innovation, continue to launch new products and services, and create large-scale growth space for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of products and services, the Group will comprehensively enhance the competitiveness of comprehensive solution services, achieve cost reduction and efficiency improvement, and help customers improve resource development efficiency from all aspects of oil and gas development at a lower cost; fully operate the online service platform, timely respond to customer needs, continuously improve service quality, and create the ultimate perfect experience for customers; With innovative businesses such as oilfield management, asset leasing and inspection as the growth engine, the Group drove the rapid growth of its overall business; In addition, the Group will continue to promote the transformation of artificial intelligence, comprehensively carry out the capacity building of digital intelligence industry, comprehensively launch the global transformation of digital intelligence platform, enable the improvement of the Group's internal operating efficiency, and realize the large-scale development of the Group's artificial intelligence service business.

In terms of management, the Group will continue to promote the innovation of cash flow business model, strengthen the management of cash flow indicators in the whole process, accelerate order conversion and revenue recognition, and strengthen risk control in the process of business development. Strengthen full-cycle cost control, continue to promote business financialization, and reduce working capital utilization through partner resource management and business financialization reform. Establish a new light-asset, fast-turnover, platform business model and continue to generate strong cash flow performance.

In terms of human resource management, the Group will further deepen the global operating strategy of organizations and personnel, and build a forward-looking, entrepreneurial and global team with leadership. The Group will focus on talent recruitment, attract and introduce international and innovative talents externally, accelerate the cultivation and optimization of talents internally, boldly use talents and encourage talents to be self-directed; strengthen the construction of work style, pay attention to early indicators of success, identify and adjust talents in joint work, and lay a solid talent foundation for the Group's rapid growth in the future.

In terms of sustainable development, the Group will continue to practice the development concept of innovation, green, efficient and intelligent, focus on the long-term emission reduction target set, actively fulfil its social responsibilities, build a scientific governance structure, pay attention to community building, work with stakeholders to make common progress, contribute to the green transformation of the industry and become an industry model.

FINANCIAL REVIEW

Revenue

The Group's revenue for the first half of 2024 was RMB2,176.3 million, representing an increase of RMB283.9 million, or 15.0%, from RMB1,892.4 million for the same period of 2023.

Costs of Sales

Cost of sales increased by 13.8% from RMB1,333.1 million for the corresponding period of 2023 to RMB1,517.7 million for the first half of 2024, mainly due to the corresponding increase in costs arising from revenue growth.

Other Gains, Net

Other gains decreased by RMB4.0 million from RMB10.1 million in the first half of 2023 to RMB6.1 million in the first half of 2024.

Impairment Loss under Expected Credit Loss Model, Net of Reversal

The impairment losses under expected credit loss model, net of reversal decreased from RMB35.5 million in the first half of 2023 to RMB32.5 million in the first half of 2024, a decrease of 8.5%.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling Expenses

Selling expenses were RMB115.6 million for the first half of 2024, an increase of RMB30.2 million, or 35.4%, from RMB85.4 million for the same period of 2023.

Administrative Expenses

Administrative expenses were RMB153.0 million for the first half of 2024, an increase of RMB30.8 million, or 25.2%, from RMB122.2 million for the same period of 2023.

R&D Expenses

Research and development expenses were RMB49.3 million for the first half of 2024, an increase of RMB6.0 million, or 13.9%, from RMB43.3 million for the same period of 2023.

Sales Taxes and Surcharges

Sales taxes and surcharges were RMB8.2 million for the first half of 2024, an increase of RMB3.0 million, or 57.7%, from RMB5.2 million for the same period of 2023.

Operating Profit

The Group's operating profit for the first half of 2024 amounted to RMB306.2 million, an increase of RMB28.3 million, or 10.2%, as compared to RMB277.9 million for the corresponding period of 2023. The operating profit margin for the first half of 2024 was 14.1%, a decrease of 0.6 percentage point from 14.7% for the same period of 2023.

Net Financing Costs

For the first half of 2024, net financing costs amounted to RMB81.9 million, a decrease of RMB6.7 million, or 7.6%, from RMB88.6 million for the same period of 2023.

Income Tax Expense

Income tax expense was RMB116.7 million for the first half of 2024, representing an increase of RMB27.3 million or 30.5% from RMB89.4 million for the same period of 2023.

Profit/Loss for the Period

The Group reported a net profit of RMB111.6 million for the first half of 2024, representing an increase of RMB8.2 million, or 7.9%, from RMB103.4 million for the same period of 2023.

Profit/Loss Attributable to Equity Holders of the Company

For the first half of 2024, the Group's profit attributable to equity holders of the Company amounted to RMB105.9 million, representing an increase of RMB8.0 million, or 8.2%, compared with RMB97.9 million for the same period of 2023.

Trade and Notes Receivables

As at 30 June 2024, the Group's net trade and notes receivables amounted to RMB2,312.8 million, representing a decrease of RMB128.2 million from 31 December 2023. The average trade receivable turnover was 184 days in the first half of 2024, representing a decrease of 5 days from the corresponding period of 2023.

Inventories

As at 30 June 2024, the Group's inventories were valued at RMB894.7 million, representing a decrease of RMB15.3 million as compared to 31 December 2023.

Liquidity and Capital Resources

As at 30 June 2024, the Group's cash and bank deposits were valued at approximately RMB2,216.0 million (including restricted bank deposits, cash, and cash equivalents), representing an increase of RMB147.7 million as compared to 31 December 2023.

The Group's short-term borrowings outstanding as at 30 June 2024 amounted to RMB1,384.4 million. RMB1,407.6 million of the credit line granted to the Group by domestic banks in China has not been used.

As at 30 June 2024, the Group's gearing ratio was 53.9%, a decrease of 1.8 percentage points from the gearing ratio of 55.7% as at 31 December 2023. The calculation of the gearing ratio is based on total borrowings divided by total capital. Total borrowings include borrowings, bonds, lease liabilities and trade and notes payables (as shown in the condensed consolidated statement of financial position). Total capital is calculated based on equity (as shown in the condensed consolidated statement of financial position) plus total borrowings.

The equity attributable to equity holders of the Company amounted to RMB3,292.8 million as at 30 June 2024, an increase of RMB105.3 million from RMB3,187.5 million as at 31 December 2023.

Material Acquisition and Disposal of Subsidiaries, Associates, and Joint Ventures

During the six months ended 30 June 2024, the Group had no material acquisitions or disposals of subsidiaries, associates, or joint ventures.

Currency Risk

The Group conducts its business mainly in RMB and USD, and some of its imports and exports are settled in foreign currencies. The Group maintains that the currency risk associated with the Group's settlement amounts denominated in foreign currencies is non-material. The Group's currency risk mainly arises from its foreign currency deposits and long-term bonds and trade receivables denominated in foreign currencies. Fluctuations in the exchange rate of RMB against USD may adversely affect the Group's operating results and financial position.

Cash Flow from Operating Activities

For the six months ended 30 June 2024, the Group's cash flow from operating activities was a net inflow of RMB345.7 million, representing an increase of RMB4.5 million as compared to the corresponding period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditure and Investment

The Group's capital expenditure for the six months ended 30 June 2024 was RMB86.4 million, representing an increase of RMB26.8 million compared to RMB59.6 million the corresponding period of 2023.

Contractual Obligations

The Group's contractual obligations mainly consist of its capital commitments. As at 30 June 2024, the Group's capital commitments (but not yet provisioned in the condensed consolidated statement of financial position) amounted to approximately RMB48.3 million.

Contingent Liabilities

As at 30 June 2024, the Group had no material contingent liabilities or guarantees.

Asset Collateralization

As at 30 June 2024, the Group's assets used for bank financing are mortgaged by buildings and equipment with a net book value of RMB80.9 million, use-right assets with a net book value of RMB5.4 million, accounts receivable with a net book value of RMB379.4 million and restricted bank deposits with a net book value of RMB20.0 million.

Off-Book Arrangements

As at 30 June 2024, the Group had no off-book arrangements.

OTHER INFORMATION

INTERIM DIVIDEND

The Board of the Company has not recommended the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

For the six months ended 30 June 2024, the Company repurchased through the secondary market a total of US\$38.2 million of 2025 notes due 2025 with a coupon rate of 8.75%.

For the six months ended 30 June 2024, the trustee of the Company's Restricted Share Award Scheme purchased a total of 31,984,000 shares of the Company's equity in the secondary market with the Company's own funds under the Restricted Share Award Scheme, representing 1.1% of the Company's total outstanding shares as of the date of this announcement.

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold, or repurchased any listed securities of the Company. As at 30 June 2024, the Company did not hold any treasury shares.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules were as follows:

(i) Long positions in ordinary shares of HK\$0.10 each:

Name of Directors	Note	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
LUO Lin	1,2	Founder of a discretionary trust and beneficial owner	746,022,330	24.81%
PI Zhifeng	2	Beneficial owner	5,878,000	0.19%
FAN Yonghong	2	Beneficial owner	26,620,000	0.88%
ZHANG Yongyi	2	Beneficial owner	3,240,000	0.10%
ZHU Xiaoping	2	Beneficial owner	1,675,000	0.06%
WEE Yiau Hin	2	Beneficial owner	2,800,000	0.09%
HUANG Song	2	Beneficial owner	1,300,000	0.04%

Notes:

1. Pro Development Holdings Corp. is a company wholly-owned by Avalon Assets Limited and holds 664,140,740 Shares; Butterfield Trust (Asia) Limited ("Butterfield") holds 100% equity interest in Avalon Assets Limited. Butterfield is a trustee of the Loles Trust. Mr. LUO Lin is the founder of Loles Trust of which Mr. LUO Lin and his family are the beneficiaries. Under the Securities and Futures Ordinance, Butterfield and Avalon Assets Limited are deemed to be interested in the shares held by Pro Development Holdings Corp.
2. These share includes the share options granted to each director pursuant to the Company's Share Option Scheme ("Share Option Scheme") as well as the shares granted to each directors pursuant to the Company's Restricted Share Award Scheme ("Restricted Share Award Scheme"). Details of such options and restricted shares of each director were disclosed in the following "SHARE OPTION SCHEME" section.

OTHER INFORMATION

Save as disclosed above, at no time during the year ended 30 June 2024, the Directors and chief executive (including their spouses and children under the age of 18 years) had or were deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company, its particular undertakings or its associated corporations as required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far was known to any Director or the chief executive, the substantial shareholders, other than the Directors or the chief executive of the Company, who had an interest or short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares or underlying shares of the Company:

Name of Substantial Shareholders	Notes	Capacity	Long/Short Position	Number of Ordinary Shares Held	Approximate Percentage of Shareholding
Pro Development Holdings Corp.	1	Beneficiary Owner	Long Position	664,140,740	22.08%
China Oil HBP Science & Technology Co., Ltd.	2	Interest of controlled corporation	Long Position	193,766,678	6.44%
BOCI Trustee (Hong Kong) Limited	3	Trustee	Long Position	151,978,914	5.05%

Notes:

1. Pro Development Holdings Corp. is a company wholly-owned by Avalon Assets Limited and holds 664,140,740 Shares; Butterfield Trust (Asia) Limited ("Butterfield") holds 100% equity interest in Avalon Assets Limited. Butterfield is a trustee of Loles Trust. Mr. LUO Lin is the founder of Loles Trust, of which Mr. LUO Lin and his family members are the beneficiaries. Under the Securities and Futures Ordinance, Butterfield and Avalon Assets Limited are deemed to be interested in the shares held by Pro Development Holdings Corp.
2. Hong Kong Huihua Global Technology Limited, which is a company wholly-owned by China Oil HBP Science & Technology Co., Ltd. and holds 193,766,678 shares. By virtue of the SFO, China Oil HBP Science & Technology Co., Ltd. is deemed to be interested in the shares held by Hong Kong Huihua Global Technology Limited.
3. BOCI Trustee (Hong Kong) Limited ("BOCI") is the trustee of the Restricted Share Award Scheme. According to the disclosure of interest form filed by BOCI on 7 July 2024 in relation to the relevant event on 28 June 2024, BOCI held 151,978,914 shares of the Company.

Save as disclosed above, as at 30 June 2024, so far was known to the Directors, no other persons (other than the Directors or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 26 May 2017 to replace the ten-year share option plan adopted on 17 November, 2007 and expired in May 2017. For the six months ended 30 June 2024, no new share option has been granted. The purpose of the Share Option Scheme is to grant options to the eligible participants in recognition and acknowledgement of their contributions made or to be made to the Group. Under the Share Option Scheme, the Board may offer to grant an option to any director or employee, or any advisor, consultant, suppliers, customers or agents. As at 30 June 2024, the remaining life of the Share Option Scheme was approximately four years.

The maximum number of shares available for issue under the Share Option Scheme is 266,006,925 shares. As at 1 January 2024, 18,060,000 shares were share options available to be granted, and 247,946,925 shares were outstanding options. As at 30 June 2024, 76,373,333 shares were share options available to be granted, and 189,633,592 shares were outstanding options. There was no service provider sub-limit under the Share Option Scheme.

Details of the movements in the number of share options during the first half ended 30 June 2024 under the Share Option Scheme are as follows:

Grantees	Date of grant of share options	Exercise period of share options	Exercise price per share: HK\$	Notes	Number of share options as at 1 January 2024	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options as at 30 June 2024
Directors										
LUO Lin	3 April 2018	3 April 2019 to 2 April 2024	1.020	1,3	2,218,000	-	-	-	2,218,000	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	1,4	784,922	-	-	-	-	784,922
Subtotal:					3,002,922	-	-	-	2,218,000	784,922
PI Zhifeng	3 April 2018	3 April 2019 to 2 April 2024	1.020	1,3	2,600,000	-	-	-	2,600,000	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	1,4	2,600,000	-	-	-	-	2,600,000
Subtotal:					5,200,000	-	-	-	2,600,000	2,600,000
FAN Yonghong	3 April 2018	3 April 2019 to 2 April 2024	1.020	1,3	3,500,000	-	-	-	3,500,000	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	1,4	4,020,000	-	-	-	-	4,020,000
Subtotal:					7,520,000	-	-	-	3,500,000	4,020,000

OTHER INFORMATION

Grantees	Date of grant of share options	Exercise period of share options	Exercise price per share: HK\$	Notes	Number of share options as at 1 January 2024	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options as at 30 June 2024
ZHANG Yongyi	3 April 2018	3 April 2019 to 2 April 2024	1.020	2,3	700,000	-	-	-	700,000	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	2,4	700,000	-	-	-	-	700,000
				Subtotal:	1,400,000	-	-	-	700,000	700,000
ZHU Xiaoping	3 April 2018	3 April 2019 to 2 April 2024	1.020	2,3	700,000	-	-	-	700,000	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	2,4	700,000	-	-	-	-	700,000
				Subtotal:	1,400,000	-	-	-	700,000	700,000
WEE Yiau Hin	3 April 2018	3 April 2019 to 2 April 2024	1.020	2,3	700,000	-	-	-	700,000	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	2,4	700,000	-	-	-	-	700,000
				Subtotal:	1,400,000	-	-	-	700,000	700,000
Employees in aggregate	3 April 2018	3 April 2019 to 2 April 2024	1.020	1,3	45,185,333	-	-	-	45,185,333	-
	7 January 2019	7 January 2020 to 6 January 2025	0.790	1,4	69,399,078	-	-	-	2,710,000	66,689,078
	1 April 2020	1 April 2021 to 31 March 2026	0.495	1,5	113,439,592	-	-	-	-	113,439,592
				Subtotal:	228,024,003	-	-	-	47,895,333	180,128,670
				Total	247,946,925	-	-	-	58,313,333	189,633,592

OTHER INFORMATION

Notes:

1. The option period for the share options granted above commences on the date of grant and ends on the last day of seventy two months counting respectively from the said date. The grantees are vested with, and entitled to exercise up to one-third of their share options during the option period commencing from each of the first, second and third anniversary of the date of grant.
2. The option period for the share options granted above commences on the date of grant and ends on the last day of seventy-two months counting respectively from the said date. The grantees are vested with, and entitled to exercise up to 50% of their share options during the option period commencing from each of the first and second anniversary of the date of grant.
3. The closing price of the Company's shares listed on the Stock Exchange immediately before the date on which the options were granted was HK\$0.97.*
4. The closing price of the Company's shares listed on the Stock Exchange immediately before the date on which the options were granted was HK\$0.84.*
5. The closing price of the Company's shares listed on the Stock Exchange immediately before the date on which the options were granted was HK\$0.495.*

* Source from website of Hong Kong Exchange

RESTRICTED SHARE AWARD SCHEME

On 30 December 2019, the Board has resolved to adopt the Restricted Share Award Scheme the ("Scheme"), The total number of shares that may be granted under the Scheme may not exceed 10% of the current total number of Shares in issue, and the Scheme will be implemented by purchasing shares on the secondary market. The Scheme will be valid and effective for a period of ten years from the approval date of the Scheme and all eligible participants are entitled to participate in the Scheme. As of 30 June 2024, the remaining life of the Restricted Share Award Scheme was 5 years and six months.

As at 30 June 2024, there were 151,978,914 shares held in trust under the Scheme (excluding shares vested but not yet transferred to awardees). During the six months ended 30 June 2024, no share awards have been granted under the Scheme.

The maximum number of shares available for issue under the Scheme is 300,656,185 shares. As at 1 January 2024 and 30 June 2024, 52,496,185 shares and 52,496,185 shares were share awards available for future grant under the Scheme respectively.

As the shares acquired by the Company under the Scheme have reached the Scheme Limit, the Board resolved on 18 July 2024 to cancel the unused existing Scheme Limit and refresh the scheme mandate limit of the Scheme to 10% of the number of Shares of the Company in issue as of the date of the resolution (the "Refreshed Scheme Limit"). Based on 3,006,569,855 Shares in issue as at the date of the Board's resolution, the Refreshed Scheme Limit represents 300,656,985 Shares that the Board may grant to Eligible Participants of the Scheme. Besides the above mentioned refreshed scheme limit, the terms and conditions of the Schemes remain unchanged.

OTHER INFORMATION

Objectives

The objective for setting up the Scheme was to (i) establish a partnership mechanism through employee shareholding in the Company to encourage employees to participate in the operation and management of the Company, so as to optimize its corporate governance structure and create a new form of partnership platform; (ii) align the interests of employees with that of the shareholders so as to form an entrepreneurship and sharing culture atmosphere, encourage employees to participate in building a common community, create value, share achievements, actively promote the growth and development of the Company and achieve an ultimate win-win target for the Company, employees and investors.

Participant of the Scheme

The Scheme is a part of the Company's employee share schemes. Under the Scheme, the Company will evaluate the performance of the talents based on their contribution or potential contribution to the Company's business development and growth, and determine any Eligible Participant as an Awarded Participant from time to time at its sole discretion.

Maximum number of Awarded Shares that may be granted to a Selected Employee

The Scheme has not stipulated the maximum number of Awarded Shares that may be granted to a Selected Employee. Notwithstanding that there is no such restriction, the Board will observe the requirements of Chapter 17 of the Listing Rules and ensure that the maximum number of Awarded Shares that might be granted to a Selected Employee in any 12-month period would not exceed 1% of the total number of Shares in issue as at the date of grant, unless with the approval of the Shareholders.

Consideration for the Acceptance of the Awarded Shares

Save for the acceptance fee of HK\$1.00 that the Selected Employee would need to pay the Company for the acceptance of the Awarded Shares, the Awarded Shares granted to the Selected Employees under the Scheme thus far are free of consideration to the Selected Employees under which the Awarded Shares will be transferred to the Selected Employees upon the satisfaction of the vesting conditions.

ADMINISTRATION

The Scheme is subject to the administration of the Board in accordance with the rules of the Scheme (the "Scheme Rules").

VESTING AND LAPSE

Unless otherwise determined by the Board at its discretion, the relevant shares granted (the "Awarded Shares") to a participant (the "Selected Employee") and held by the Trustee of the Scheme on behalf of the Selected Employees on Trust shall not vest in the relevant Selected Employee in the following circumstances: (i) the Selected Employee ceases to be a Selected Employee for whatever reason; or (ii) other circumstances as provided in the Scheme Rules. Upon occurrence of any of the above circumstances, any Awarded Shares awarded but have not been vested in the Selected Employee will be returned to the Trust in accordance with the Scheme Rules.

OTHER INFORMATION

The following table summarises the movement in the Company's Awarded Shares which were granted under the Scheme during the reporting period. Except as described below, for the six months ended 30 June 2024, no award shares were granted, vested or lapsed under the restricted stock incentive plan.

Name of Participant	Date of Grant	Note	Number of Awarded shares	Granted but unvested as at 1 January 2024	Number of shares vested during the reporting period	Number of shares lapsed during the reporting period	Granted but unvested as at 30 June 2024	Closing price of Hong Kong Exchange before grant date (HK\$)	Fair value at grant date (HK\$)	Weighted average price on the day immediately preceding the vesting date. (HK\$)
Directors										
LUO Lin	1 January 2021	1,3	8,800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1	7,100,000	2,366,667	-	-	2,366,667	0.425	0.410	0.345
	22 November 2023	1	7,100,000	7,100,000	-	-	7,100,000	0.440	0.435	0.440
		Subtotal	23,000,000	9,466,667	-	-	9,466,667	/	/	/
PI Zhifeng	1 January 2021	1,3	2,800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1	2,200,000	733,334	-	-	733,334	0.425	0.410	0.345
	22 November 2023	1	2,200,000	2,200,000	-	-	2,200,000	0.440	0.435	0.440
		Subtotal	7,200,000	2,933,334	-	-	2,933,334	/	/	/
FAN Yonghong	1 January 2021	1,3	5,600,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1	4,500,000	1,500,000	-	-	1,500,000	0.425	0.410	0.345
	22 November 2023	1	4,500,000	4,500,000	-	-	4,500,000	0.440	0.435	0.440
		Subtotal	14,600,000	6,000,000	-	-	6,000,000	/	/	/
ZHANG Yongyi	1 January 2021	2,3	800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	-	-	650,000	0.440	0.435	0.440
		Subtotal	2,100,000	650,000	-	-	650,000	/	/	/
ZHU Xiaoping	1 January 2021	2,3	800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	-	-	650,000	0.440	0.435	0.440
		Subtotal	2,100,000	650,000	-	-	650,000	/	/	/

OTHER INFORMATION

Name of Participant	Date of Grant	Note	Number of Awarded shares	Granted but unvested as at 1 January 2024	Number of shares vested during the reporting period	Number of shares lapsed during the reporting period	Granted but unvested as at 30 June 2024	Closing price of shares on the Hong Kong Exchange before grant date (HK\$)	Fair value at grant date (HK\$)	Weighted average price on the day immediately preceding the vesting date. (HK\$)
WEE Yiau Hin	1 January 2021	2,3	800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	-	-	650,000	0.440	0.435	0.440
		Subtotal	2,100,000	650,000	-	-	650,000	/	/	/
HUANG Song	15 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	-	-	650,000	0.440	0.435	0.440
		Subtotal	1,300,000	650,000	-	-	650,000	/	/	/
Employees in aggregate	1 January 2021	1,3	66,830,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1	59,330,000	18,993,333	-	433,334	18,559,999	0.425	0.410	0.345
	22 November 2023	1	69,600,000	69,600,000	-	1,200,000	68,400,000	0.440	0.435	0.440
		Subtotal	195,760,000	88,593,333	-	1,633,334	86,959,999	/	/	/
		Total	248,160,000	109,593,334	-	1,633,334	107,960,000	/	/	/

Notes:

- One-third of the Awarded Shares will be vested in the first year, second year and third year from the grant date.
- 50% of the Awarded Shares will be vested in the first year and second year from the grant date.
- The Awarded Shares had been fully vested.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of practice for securities transactions by the Company's Directors. Having made specific inquiries with all Directors, the Company confirms that all Directors have fully complied with the applicable requirements stipulated in the said Model Code throughout the Reporting Period.

CHANGE IN INFORMATION REGARDING THE DIRECTORS AND CHIEF EXECUTIVES ACCORDING TO RULE 13.51B(1) OF THE LISTING RULES

There has been no change in the information regarding the Directors and chief executives of the Company since the date of the Company's 2023 Annual Report.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2024.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in accordance with the requirements of the Listing Rules and the CG Code. The Audit Committee comprises all three existing independent non-executive Directors, namely Mr. ZHU Xiaoping (Chairman of the Audit Committee), Mr. ZHANG Yongyi and Mr. WEE Yiau Hin. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2024.

By order of the Board

Anton Oilfield Services Group

Chairman

Luo Lin

27 August 2024

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

**TO THE BOARD OF DIRECTORS OF
ANTON OILFIELD SERVICES GROUP**

(Incorporated in the Cayman Islands with limited liability)

德勤

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Anton Oilfield Services Group (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 62, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,716,891	1,808,227
Right-of-use assets		107,294	116,027
Investment properties		3,196	3,801
Goodwill		253,630	253,630
Intangible assets		333,273	333,081
Interest in a joint venture		2,600	2,570
Interests in associates		21,253	29,641
Financial assets at fair value through profit or loss ("FVTPL")		96,523	91,310
Prepayments and other receivables	9	130,601	120,600
Deferred income tax assets		28,403	24,452
		2,693,664	2,783,339
Current assets			
Inventories	7	894,655	910,021
Trade and notes receivables	8	2,312,791	2,441,035
Contract assets		19,107	24,728
Prepayments and other receivables	9	1,476,674	1,579,486
Restricted bank deposits	10	442,319	482,379
Cash and cash equivalents	10	1,773,682	1,585,886
		6,919,228	7,023,535
Total assets		9,612,892	9,806,874
EQUITY			
Equity attributable to the owners of the Company			
Share capital	11	276,274	276,274
Reserves		3,016,521	2,911,265
		3,292,795	3,187,539
Non-controlling interests		246,154	233,347
Total equity		3,538,949	3,420,886

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

As at 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
LIABILITIES			
Non-current liabilities			
Long-term bonds	12	-	787,515
Long-term borrowings	13	431,911	340,918
Lease liabilities		18,394	23,380
Deferred income tax liabilities		13,437	13,518
		463,742	1,165,331
Current liabilities			
Short-term borrowings	13	1,384,383	1,186,110
Current portion of long-term bonds	12	545,441	29,959
Current portion of long-term borrowings	13	67,464	97,262
Trade and notes payables	14	1,679,233	1,819,924
Accruals and other payables	15	1,503,491	1,717,749
Lease liabilities		12,242	12,720
Contract liabilities		106,861	73,760
Current income tax liabilities		311,086	283,173
		5,610,201	5,220,657
Total liabilities		6,073,943	6,385,988
Total equity and liabilities		9,612,892	9,806,874

The condensed consolidated financial statements on pages 26 to 62 were approved and authorised for issue by the Board of Directors on 27 August 2024 and were signed on its behalf by:

Chairman

Executive Director

The notes on pages 36 to 62 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Revenue			
Contracts with customers	16	2,046,672	1,803,858
Rental	16	129,649	88,579
Total revenue	16	2,176,321	1,892,437
Cost of sales	17	(1,517,678)	(1,333,093)
Gross profit		658,643	559,344
Other gains, net	18	6,141	10,082
Impairment losses under expected credit loss model, net of reversal	17	(32,515)	(35,504)
Selling expenses	17	(115,641)	(85,410)
Administrative expenses	17	(152,980)	(122,152)
Research and development expenses	17	(49,283)	(43,277)
Sales tax and surcharges		(8,184)	(5,225)
Operating profit		306,181	277,858
Interest income		20,589	11,058
Finance expenses		(102,495)	(99,612)
Finance costs, net	19	(81,906)	(88,554)
Share of profit of a joint venture		30	74
Share of profit of associates		3,926	3,343
Profit before income tax		228,231	192,721
Income tax expense	20	(116,668)	(89,368)
Profit for the period		111,563	103,353
Profit attributable to:			
Owners of the Company		105,874	97,872
Non-controlling interests		5,689	5,481
		111,563	103,353
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
- Basic	21	0.0368	0.0333
- Diluted	21	0.0367	0.0330

The notes on pages 36 to 62 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period	111,563	103,353
Other comprehensive (expense)/income, net of tax:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net investment hedge	(3,834)	(30,080)
Financial instruments measured at fair value through other comprehensive income	502	358
Currency translation differences	44,117	73,428
Other comprehensive income for the period, net of tax	40,785	43,706
Total comprehensive income for the period	152,348	147,059
Total comprehensive income attributable to:		
Owners of the Company	146,446	141,578
Non-controlling interests	5,902	5,481
	152,348	147,059

The notes on pages 36 to 62 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Attributable to the owners of the Company								Non-controlling interests	Total equity	
	Note	Share capital	Treasury shares	Share premium	Capital reserve	Statutory reserve	Retained earnings	Other reserves			Subtotal
Balance at 1 January 2024 (Audited)		276,274	(50,427)	1,049,578	478,138	76,900	1,555,076	(198,000)	3,187,539	233,347	3,420,886
Profit for the period		-	-	-	-	-	105,874	-	105,874	5,689	111,563
Other comprehensive (expense)/income											
- Net investment hedge		-	-	-	-	-	-	(3,834)	(3,834)	-	(3,834)
- Financial instruments measured at fair value through other comprehensive income		-	-	-	-	-	-	502	502	-	502
- Currency translation differences		-	-	-	-	-	-	43,904	43,904	213	44,117
Total comprehensive income		-	-	-	-	-	105,874	40,572	146,446	5,902	152,348
- Share-based scheme	11(b) (c)	-	-	-	12,066	-	-	-	12,066	-	12,066
- Repurchase of ordinary shares		-	(14,238)	-	-	-	-	-	(14,238)	-	(14,238)
- Acquisition of a subsidiary		-	-	-	-	-	-	-	-	6,905	6,905
- Dividends relating to 2023 final		-	-	-	-	-	(39,018)	-	(39,018)	-	(39,018)
Total transactions with owners, recognised directly in equity		-	(14,238)	-	12,066	-	(39,018)	-	(41,190)	6,905	(34,285)
Balance at 30 June 2024 (Unaudited)		276,274	(64,665)	1,049,578	490,204	76,900	1,621,932	(157,428)	3,292,795	246,154	3,538,949

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – continued

For the six months ended 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Attributable to the owners of the Company							Subtotal	Non-controlling interests	Total equity
		Share capital	Treasury shares	Share premium	Capital reserve	Statutory reserve	Retained earnings	Other reserves			
Balance at 1 January 2023 (Audited)		276,274	(33,459)	1,049,578	483,716	76,900	1,358,563	(130,098)	3,081,474	219,335	3,300,809
Profit for the period		-	-	-	-	-	97,872	-	97,872	5,481	103,353
Other comprehensive (expense)/expense											
- Net investment hedge		-	-	-	-	-	-	(30,080)	(30,080)	-	(30,080)
- Financial instruments measured at fair value through other comprehensive income		-	-	-	-	-	-	358	358	-	358
- Currency translation differences		-	-	-	-	-	-	73,428	73,428	-	73,428
Total comprehensive income		-	-	-	-	-	97,872	43,706	141,578	5,481	147,059
- Share-based scheme	11(b) (c)	-	-	-	7,322	-	-	-	7,322	-	7,322
- Vesting of shares under restricted share award scheme		-	8,732	-	(8,732)	-	-	-	-	-	-
- Changes in ownership interests in subsidiaries without loss of control	15	-	-	-	-	-	-	36,957	36,957	60,573	97,530
- Recognition of put option	15	-	-	-	-	-	-	(97,530)	(97,530)	-	(97,530)
Total transactions with owners, recognised directly in equity		-	8,732	-	(1,410)	-	-	(60,573)	(53,251)	60,573	7,322
Balance at 30 June 2023 (Unaudited)		276,274	(24,727)	1,049,578	482,306	76,900	1,456,435	(146,965)	3,169,801	285,389	3,455,190

The notes on pages 36 to 62 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Net cash generated from operating activities	23	345,673	341,171
Net cash used in investing activities	23	(67,130)	(100,493)
Net cash (used in)/generated from financing activities	23	(96,391)	173,986
Net increase in cash and cash equivalents		182,152	414,664
Cash and cash equivalents at beginning of the period	10	1,585,886	727,904
Exchange gain on cash and cash equivalents		5,644	25,121
Cash and cash equivalents at end of the period	10	1,773,682	1,167,689

The notes on pages 36 to 62 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts expressed in thousands of RMB, unless otherwise stated)

1. GENERAL INFORMATION

Anton Oilfield Services Group (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are mainly engaged in providing oilfield technology services, manufacturing and trading of related products in the People's Republic of China (the "PRC") and other overseas countries. The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 December 2007.

The directors of the Company (the "Directors") regard Pro Development Holdings Corp., a company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company, which is controlled by Mr. Luo Lin, the Company's controlling shareholder.

These unaudited condensed consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. ESTIMATES

The preparation of these condensed consolidated financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's consolidated financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

5. SEGMENT INFORMATION

The chief executive officer, president, executive vice presidents and the Directors are the Group's chief operating decision makers (the "CODM"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's reportable segments are entity or group of entities that offer different products and services, which is the basis by which the CODM make decisions about resources to be allocated to the segments and assess their performance. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

The CODM assess performance of four reportable segments: "oilfield technical services", "oilfield management services", "drilling rig services" and "inspection services".

Oilfield technical services cover the full life cycle of oil and gas development, including geological technology, drilling technology, well completion and stimulation technology as well as asset leasing services for the industry.

Oilfield management services are the asset management services the Group provides to the oil companies worldwide, featured with profound capacity and light-asset. The services include integrated field management services, production capacity construction, development management, field operation and maintenance, etc.

Drilling rig services provide customers with services which require rigs, including drilling and workover services.

Inspection services provide customers with various assets inspection, detections and repairing services together with digital and intelligent transformation solutions, assisting our customers to assure asset security and to achieve energy saving, efficiency lifting, and environment protection.

All of the four reportable segments include a number of direct service provision operations in various cities in China and overseas countries, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into four single reportable segments based on their sharing of similar economic characteristics, including similar nature of the services and products, type of customers for their services and products and the method used to provide their services and distribute their products.

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies in the Group's consolidated financial statements for the year ended 31 December 2023. The CODM evaluate the performance of the operating segments based on the profit or loss before income tax expense, certain depreciation and amortisation, interest income, finance expenses, share of profit or loss of a joint venture and share of profit or loss of associates, asset impairment provisions and corporate overheads ("EBITDA") and the reconciliation of EBITDA to profit or loss. The corporate overheads and corporate assets are the general management expenses incurred and assets held by the headquarters of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services	Total
Six months ended 30 June 2024					
(Unaudited)					
Revenue	981,560	900,617	125,867	168,277	2,176,321
EBITDA	252,189	300,733	38,593	50,890	642,405
Depreciation and amortisation	(128,415)	(4,593)	(26,783)	(6,961)	(166,752)
Impairment provision of					
– Trade receivables, net of reversal	(18,679)	(11,878)	(1,210)	(748)	(32,515)
– Inventories	(5,064)	(602)	(461)	(281)	(6,408)
Interest income	4,036	939	430	1,310	6,715
Finance expenses	(9,236)	(3,372)	(2,421)	(567)	(15,596)
Share of profit of a joint venture	30	-	-	-	30
Share of profit of associates	3,926	-	-	-	3,926
Income tax expense	(41,030)	(62,225)	(5,436)	(7,977)	(116,668)
Segment results	57,757	219,002	2,712	35,666	315,137
Unallocated corporate overheads					(203,574)
Profit for the period					111,563

	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services	Total
Six months ended 30 June 2023					
(Unaudited)					
Revenue	786,057	751,039	182,278	173,063	1,892,437
EBITDA	214,746	282,045	47,346	60,518	604,655
Depreciation and amortisation	(139,771)	(4,999)	(29,151)	(7,576)	(181,497)
Impairment provision of					
– Trade receivables, net of reversal	(25,894)	(7,341)	(2,190)	(79)	(35,504)
– Inventories	(6,621)	-	(658)	-	(7,279)
Interest income	841	401	122	1,566	2,930
Finance expenses	(9,890)	(3,610)	(2,592)	(607)	(16,699)
Share of profit of a joint venture	74	-	-	-	74
Share of profit of associates	3,343	-	-	-	3,343
Income tax expense	(20,173)	(52,198)	(6,875)	(10,122)	(89,368)
Segment results	16,655	214,298	6,002	43,700	280,655
Unallocated corporate overheads					(177,302)
Profit for the period					103,353

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

5. SEGMENT INFORMATION *(Continued)*

	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services	Total
As at 30 June 2024 (Unaudited)					
Segment assets	4,229,004	1,441,005	621,454	615,930	6,907,393
Segment assets include:					
Capital expenditures incurred in the period	54,284	2,467	8,087	5,427	70,265
As at 31 December 2023 (Audited)					
Segment assets	4,067,661	1,835,281	848,258	448,306	7,199,506
Segment assets include:					
Capital expenditures incurred in the year	125,407	13,162	25,474	26,646	190,689

Disclosure of liabilities has not been included here because these liabilities balances are not allocated to segments.

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets for reportable segments	6,907,393	7,199,506
Corporate assets for general management	2,705,499	2,607,368
Total assets	9,612,892	9,806,874

The Group allocates revenue on the basis of the location in which the sales are originated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

5. SEGMENT INFORMATION *(Continued)*

Geographical Information

	Revenue		Non-current assets	
	Six months ended 30 June		As at	As at 31
	2024	2023	30 June	December
	(Unaudited)	(Unaudited)	2024	2023
			(Unaudited)	(Audited)
PRC	665,195	663,629	1,747,123	1,796,672
Republic of Iraq ("Iraq")	1,241,064	989,979	553,507	587,408
Other countries	270,062	238,829	187,998	191,600
Total	2,176,321	1,892,437	2,488,628	2,575,680

Note:

The balance of deferred income tax assets and financial assets are not included in the balance of non-current assets disclosed here.

Client information

During the period, revenues of approximately RMB1,325,077,000 (six months ended 30 June 2023: RMB1,218,125,000) were derived from two (six months ended 30 June 2023: two) external customers, which contributed 39.30% and 21.59% to the total revenue, respectively (six months ended 30 June 2023: 42.02% and 22.35%). These revenues were mainly attributable to oilfield technical services and oilfield management services segments (six months ended 30 June 2023: oilfield technical services and oilfield management services segments).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Opening carrying amount	1,808,227	1,970,846
Additions	46,203	82,873
Depreciation	(135,067)	(145,273)
Disposals	(7,627)	(2,672)
Currency translation differences	5,155	29,586
Closing carrying amount	1,716,891	1,935,360

As at 30 June 2024, certain borrowings were secured by certain buildings and equipment with carrying amount of RMB80,928,000 (31 December 2023: RMB82,591,000) (Note 13(a)).

7. INVENTORIES

	As at	As at
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
Project materials, spare parts and other materials	567,439	596,694
Project-in-progress	327,216	313,327
Total	894,655	910,021

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

8. TRADE AND NOTES RECEIVABLES

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Trade receivables, net (a)		
– contracts with customers	2,113,878	2,192,156
– lease receivables	86,426	63,815
	2,200,304	2,255,971
Notes receivable (e)	112,487	185,064
	2,312,791	2,441,035

Notes:

(a) Aging analysis based on the invoice date:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
1 – 6 months	1,503,021	1,752,215
6 months – 1 year	373,899	259,574
1 – 2 years	169,164	162,672
2 – 3 years	90,272	44,914
Over 3 years	63,948	36,596
	2,200,304	2,255,971

(b) Most of the trade receivables are with credit terms of one year or less. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables.

(c) As at 30 June 2024, trade receivables of RMB379,361,000 (31 December 2023: RMB421,134,000) were pledged as security for long-term borrowings of RMB210,200,000 (31 December 2023: RMB266,718,000) and short-term borrowings of RMB169,161,000 (31 December 2023: RMB154,416,000) (Note 13(a)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

8. TRADE AND NOTES RECEIVABLES *(Continued)*

Notes: *(Continued)*

(d) Allowance for impairment of trade receivables:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
As at 1 January	314,310	265,433
Addition	27,536	35,504
As at 30 June	341,846	300,937

For impairment assessment on trade receivables subject to expected credit loss model, the basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

(e) As at 30 June 2024, total notes receivable amounting to RMB112,487,000 (31 December 2023: RMB185,064,000) are held by the Group as settlement of corresponding trade receivables. Notes receivable was measured at fair value through other comprehensive income (Note 25). All notes receivable held by the Group are with a maturity period of less than one year.

9. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Current		
Advances to suppliers	271,340	167,715
Deposits and other receivables	1,152,196	1,358,358
Value-added tax recoverable	53,138	53,413
	1,476,674	1,579,486
Non-current		
Value-added tax recoverable	19,250	10,424
Advances to engineering equipment suppliers	31,241	18,279
Other receivables	80,110	91,897
	130,601	120,600

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
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10. CASH AND BANK DEPOSITS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Restricted bank deposits (a)	442,319	482,379
Cash and cash equivalents		
– Cash on hand	16,274	2,891
– Deposits in bank	1,757,408	1,582,995
	2,216,001	2,068,265

Notes:

- (a) As at 30 June 2024, bank deposits amounting to RMB422,319,000(31 December 2023: RMB462,379,000) and RMB20,000,000(31 December 2023: RMB20,000,000) were held as security for letter of guarantee and issuance of notes payable and for securing short-term bank borrowings (Note 13(a)), respectively.
- (b) Cash and bank deposits were denominated in the following currencies:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
RMB	953,217	1,116,535
United States dollar ("US\$")	1,171,190	880,594
Hong Kong dollar ("HK\$")	3,476	856
Others	88,118	70,280
	2,216,001	2,068,265

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
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11. SHARE CAPITAL AND SHARE OPTIONS

(a) Share capital

	Number of ordinary shares issued and fully paid of HK\$0.1 each (thousands)	Share capital	
		HK\$'000	RMB'000
(Unaudited) As at 30 June 2024 and 1 January 2024 (Audited)	3,006,571	300,657	276,274
(Unaudited) As at 30 June 2023 and 1 January 2023 (Audited)	3,006,571	300,657	276,274

(b) Share options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK\$ per share	Number of share options (thousands)
As at 1 January 2024 (Audited)		247,947
Forfeited	0.790	(2,710)
Expired	1.020	(55,603)
As at 30 June 2024 (Unaudited)		189,634
As at 1 January 2023 (Audited)		335,309
Forfeited	0.890	(1,260)
Expired	0.810	(85,722)
As at 30 June 2023 (Unaudited)		248,327

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
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11. SHARE CAPITAL AND SHARE OPTIONS *(Continued)*

(b) Share options *(Continued)*

Share options outstanding (in thousands) at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price (HK\$ per share)	Number of share options (thousands)
6 January 2025	0.790	76,194
31 March 2026	0.495	113,440
		189,634

(c) Restricted share award scheme ("Scheme")

According to the Scheme approved on 30 December 2019 by the Directors, share of the Company will be awarded to the Group's certain directors and key employees as an incentive. The total number of shares under the Scheme will not exceed 10% of the current total number of shares in issue, and the Scheme will be gradually implemented by purchasing shares on the secondary market. The Scheme will be valid and effective for a period of ten years from the approval date and all eligible participants are entitled to participate in the Scheme.

In 2020, 2021, 2022, 2023 and the six months ended 2024, the Company repurchased an aggregate number of 291,238,000 of its own ordinary shares through The Stock Exchange of Hong Kong Limited, with the price per share from HK \$0.330 to HK\$0.550. The aggregate consideration paid were RMB112,983,000.

On 1 January 2021, 86,430,000 shares with the fair value of HK\$0.435 per share have been conditionally granted to certain directors and key employees. The shares granted have a vesting period from 5 months to 29 months.

On 15 July 2022, 75,730,000 shares with the fair value of HK\$0.410 per share have been conditionally granted to certain directors and key employees. The shares granted have a vesting period from 3 months to 27 months.

On 22 November 2023, 86,000,000 shares with the fair value of HK\$0.435 per share have been conditionally granted to certain directors and key employees. The shares granted have a vesting period from 12 months to 36 months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

11. SHARE CAPITAL AND SHARE OPTIONS *(Continued)*

(c) Restricted share award scheme ("Scheme") *(Continued)*

Movements in the number of restricted shares outstanding are as follows:

	Number of restricted shares (thousands)
As at 1 January 2024 (Audited)	109,593
Vested	-
Forfeited	(1,633)
As at 30 June 2024 (Unaudited)	107,960
As at 1 January 2023 (Audited)	75,546
Vested	(25,510)
Forfeited	(1,666)
As at 30 June 2023 (Unaudited)	48,370

The total expense recognised in the condensed consolidated statement of profit or loss for the six months ended 30 June 2024 for the Scheme amounted to RMB12,066,000 (for the six months ended 30 June 2023: RMB6,621,000), with a corresponding amount credited in capital reserve.

12. LONG-TERM BONDS

Issued date:	Par value	Coupon rate	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	Effective interest rate
26 July 2021	US\$61.9 million	8.75%	455,919	451,732	8.91%
26 July 2021	US\$12.2 million	8.75%	89,522	365,742	10.25%
Subtotal			545,441	817,474	
Less: Current portion			(545,441)	(29,959)	
			-	787,515	

Note:

The Company issued US\$150 million senior notes with the coupon rate of 8.75% at discount of par value on 26 July 2021. Up to 30 June 2024, total amount of US\$75.9 million had been repurchased (31 December 2023: RMB37.7 million). The notes mature in 3.5 years from the issue date at their nominal value. Interest of the senior notes is payable on a semi-annually basis. As at 30 June 2024, interest payable amounted to approximately RMB19.8 million (31 December 2023: RMB30.0 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

13. BORROWINGS

	As at 30 June 2024 (Unaudited)		As at 31 December 2023 (Audited)	
	Amount	Interest rate	Amount	Interest rate
Long-term borrowings				
– Secured or guaranteed				
– RMB denominated (a)	499,375	3.20%-6.90%	438,180	3.20%-6.85%
Less: Current portion	(67,464)		(97,262)	
	431,911		340,918	
Short-term bank borrowings				
– Unsecured and unguaranteed				
– RMB denominated	91,086	4.70%-4.95%	224,605	3.70%-4.95%
– Secured or guaranteed				
– RMB denominated (a)	1,293,297	3.45%-6.00%	961,505	3.45%-6.00%
	1,384,383		1,186,110	

Notes:

- (a) As at 30 June 2024, secured long-term bank borrowings of RMB94,990,000 (31 December 2023: RMB95,257,000) were secured by the Group's buildings with a carrying value of RMB80,928,000 (31 December 2023: RMB82,591,000) (Note 6) and right-of-use assets (leasehold lands) with a carrying value of RMB5,428,000 (31 December 2023: RMB5,512,000) respectively.

As at 30 June 2024, long-term bank borrowings of RMB44,042,000 (31 December 2023: RMB47,127,000) and short-term bank borrowings of RMB50,048,000 (31 December 2023: RMB95,257,000) were guaranteed by Beijing Zhongguancun Sci-tech Guaranty Co., Ltd. (北京中關村科技融資擔保有限公司), a third party.

As at 30 June 2024, secured long-term bank borrowings of RMB210,200,000 (31 December 2023: 266,718,000) and short-term bank borrowings of RMB169,161,000 (31 December 2023: RMB154,416,000) were secured by the Group's trade receivables amounting to RMB379,361,000 (31 December 2023: RMB421,134,000) (Note 8(c)).

As at 30 June 2024, long-term bank borrowings of RMB150,143,000 (31 December 2023: 29,078,000) and short-term bank borrowings of RMB1,055,070,000 (31 December 2023: RMB693,784,000) were guaranteed by Mr. Luo Lin, the Company's ultimate controlling shareholder (Note 26(b)).

As at 30 June 2024, short-term bank borrowings of RMB19,018,000 (31 December 2023: RMB18,048,000) were secured by the restricted bank deposits amounting to RMB20,000,000 (31 December 2023: RMB20,000,000) (Note 10(a)).

- (b) As at 30 June 2024, the undrawn bank borrowing facilities of the Group of approximately RMB1,408 million (31 December 2023: RMB977 million), with maturity dates up to 6 October 2026 (31 December 2023: 8 October 2026), were unsecured (31 December 2023: unsecured).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. TRADE AND NOTES PAYABLES

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Trade payables	879,348	944,088
Notes payable	799,885	875,836
	1,679,233	1,819,924

Aging analysis of trade and notes payables at the reporting date was as following:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Less than 1 year	1,489,613	1,669,508
1 – 2 years	92,236	58,141
2 – 3 years	23,598	25,476
Over 3 years	73,786	66,799
	1,679,233	1,819,924

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

15. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Payroll and welfare payables	64,296	70,821
Taxes other than income taxes payable	25,555	57,769
Payables to equipment vendors	206,211	231,451
Liabilities arising from put option of non-controlling interest (Note)	289,040	276,503
Others	918,389	1,081,205
	1,503,491	1,717,749

Note:

On 31 December 2022, the Company, Anton Oilfield Services Company Limited ("Anton Limited") (a subsidiary of the Company), Anton (Beijing) New Energy Technical Company Limited ("Anton New Energy") (a subsidiary of the Company) and T-ALL Inspection Group Co., Ltd ("T-ALL Inspection") entered into an agreement with 寶武綠碳私募投資基金(上海)合夥企業(有限合夥) and 共青城山證通奧啟航股權投資合夥企業(有限合夥) (the "First Round Investors"), two third parties, pursuant to which Anton Limited and Anton New Energy transferred a total of 11.97% interest in T-ALL Inspection to the First Round Investors at a consideration of RMB155,280,000. T-ALL Inspection was an indirect wholly-owned subsidiary of the Company before 31 December 2022. The Group recognised an increase in non-controlling interests by RMB73,590,000 and an increase in equity attributable to owners of the Company of RMB81,690,000.

During year 2023, the Company, Anton Limited, Anton New Energy and T-ALL Inspection entered into an agreement with 共青城山證通奧啟程股權投資合夥企業(有限合夥), 共青城億芯智行創業投資合夥企業(有限合夥), 共青城德擎匯垠創業投資合夥企業(有限合夥), 北京望京創新私募股權投資基金中心(有限合夥) and 新疆金投資產管理股份有限公司(the "Second Round Investors"), five third parties, pursuant to which Anton Limited and Anton New Energy transferred a total of 6.72% interest in T-ALL Inspection to the Second Round Investors at a consideration of RMB97,530,000. The Group recognised an increase in non-controlling interests by RMB60,573,000 and an increase in equity attributable to owners of the Company of RMB36,957,000.

As at 30 June 2024, pursuant to the above mentioned signed agreements, all of the investors (including the First Round Investors and Second Round Investors) have the right to request the Company to repurchase the above 18.69% (31 December 2023: 18.69%) equity interest at the original price with a premium of interest at 10% per annum if T-ALL Inspection failed to fulfil the profit and other commitments as prescribed in the agreement. Therefore, the consideration received were recognised as financial liabilities, with effective interest rate of 10% per annum, and debited to other reserves. The interest charged to the condensed consolidated statement of profit or loss for the six months ended 30 June 2024 was RMB12,537,000 (six months ended 2023: RMB10,949,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
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16. REVENUE

	Six months ended 30 June 2024 (Unaudited)	2023 (Unaudited)
Sales of goods	100,114	93,437
Provision of services	1,946,558	1,710,421
Rental	129,649	88,579
	2,176,321	1,892,437

Disaggregation of revenue

Segments	For the six months ended 30 June 2024 (Unaudited)			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	100,114	-	-	-
Provision of services	751,797	900,617	125,867	168,277
Total	851,911	900,617	125,867	168,277
Geographical markets				
PRC	382,034	2,363	11,612	143,644
Iraq	335,485	788,903	103,620	13,056
Other countries	134,392	109,351	10,635	11,577
Total	851,911	900,617	125,867	168,277
Timing of revenue recognition				
A point in time	851,911	-	125,867	168,277
Over time	-	900,617	-	-
Total	851,911	900,617	125,867	168,277

Set out below is the reconciliation of the revenue from contracts with customers with segment information.

Segments	For the six months ended 30 June 2024 (Unaudited)			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers (Note 5)	981,560	900,617	125,867	168,277
Rental income	(129,649)	-	-	-
Revenue from contracts with customers	851,911	900,617	125,867	168,277

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(Amounts expressed in thousands of RMB, unless otherwise stated)

16. REVENUE (Continued)

Disaggregation of revenue (Continued)

Segments	For the six months ended 30 June 2023 (Unaudited)			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	93,437	-	-	-
Provision of services	604,041	751,039	182,278	173,063
Total	697,478	751,039	182,278	173,063
Geographical markets				
PRC	360,101	3,670	65,404	145,875
Iraq	218,185	641,396	116,046	14,352
Other countries	119,192	105,973	828	12,836
Total	697,478	751,039	182,278	173,063
Timing of revenue recognition				
A point in time	684,873	-	182,278	173,063
Over time	12,605	751,039	-	-
Total	697,478	751,039	182,278	173,063

Set out below is the reconciliation of the revenue from contracts with customers with segment information.

Segments	For the six months ended 30 June 2023 (Unaudited)			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers (Note 5)	786,057	751,039	182,278	173,063
Rental income	(88,579)	-	-	-
Revenue from contracts with customers	697,478	751,039	182,278	173,063

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Materials and services purchased	711,484	632,193
Staff costs	564,844	450,402
In which:		
– Salaries and other staff expenses	552,778	443,080
– Share-based compensation (Note 11)	12,066	7,322
Depreciation	169,083	183,450
In which:		
– Property, plant and equipment	156,590	166,939
– Right-of-use assets	11,888	15,736
– Investment properties	605	775
Less: Capitalised in inventories	(24,932)	(20,292)
	144,151	163,158
Amortisation of intangible assets	26,995	26,551
Less: Capitalised in inventories	(4,098)	(3,335)
	22,897	23,216
In which:		
– Cost of sales	20,668	21,043
– Administrative expenses	504	486
– Selling expenses	10	–
– Research and development expenses	1,715	1,687
Other operating expenses	424,721	350,467
In which:		
– Impairment of receivables	32,515	35,504
– Impairment of inventories	6,408	7,279

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. OTHER GAINS, NET

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Government grants and subsidies (Note)	3,232	3,384
Gains on disposal of property, plant and equipment	303	2,458
Gain from changes in fair value of financial assets measured at FVTPL	5,213	1,095
Loss on repurchase of long-term bonds	(3,204)	-
Value added tax preferences	509	2,401
Others	88	744
	6,141	10,082

Note:

Government grants and subsidies of RMB3,232,000 (2023: RMB3,384,000) were received in the current period towards awarding of research and development expenditures.

19. FINANCE COSTS, NET

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest expenses		
- on borrowings	(45,323)	(36,929)
- on bonds	(30,821)	(37,433)
- on other financial liabilities (Note 15)	(12,537)	(10,949)
- on lease liabilities	(1,123)	(1,633)
	(89,804)	(86,944)
Exchange gain, net	4,045	13,206
Others	(16,736)	(25,874)
Finance expenses	(102,495)	(99,612)
Interest income	20,589	11,058
	(81,906)	(88,554)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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20. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax	17,754	12,588
– Iraq corporate income tax	84,577	71,668
– Others	18,369	5,358
Deferred income tax	(4,032)	(246)
	116,668	89,368

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

For the Company's PRC subsidiaries, enterprise income tax is provided on estimated taxation profits at applicable tax rate of 25% (2023: 25%), except for certain subsidiaries which have applied preferential tax rates of 15%.

The corporate income tax of Iraq entities is levied at the higher of 7% on the total turnover and 35% on the net taxable profit.

21. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (RMB'000)	105,874	97,872
Weighted average number of ordinary shares in issue (thousands of shares)	2,878,451	2,938,304
Basic earnings per share (expressed in RMB per share)	0.0368	0.0333

Note:

The effect of treasury shares has been included in the calculation of weighted average number of ordinary shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

21. EARNINGS PER SHARE *(Continued)*

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume exercise of all dilutive potential ordinary shares. For the period ended 30 June 2024 and 2023, the only dilutive factor of the Company was the outstanding unvested restricted shares.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for both period ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (RMB'000)	105,874	97,872
Weighted average number of ordinary shares in issue (thousands of shares)	2,878,451	2,938,304
Adjustments for the effect of restricted share award scheme (thousands of shares)	2,524	29,754
Weighted average number of ordinary shares for computation of diluted earnings per share (thousands of shares)	2,880,975	2,968,058
Diluted earnings per share (expressed in RMB per share)	0.0367	0.0330

22. DIVIDENDS

During the current interim period, a final dividend of RMB0.013 per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: nil in respect of the year ended 31 December 2022) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB39,018,000.

The Directors have determined that no dividend will be proposed in respect of the current interim period (Six months ended 30 June 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

23. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Operating activities:		
Profit before income tax	228,231	192,721
Adjustments for:		
Property, plant and equipment		
– Depreciation charge	134,113	148,645
– Gain on disposals	(303)	(2,458)
Loss on repurchase of long-term bonds	3,204	–
Depreciation of right-of-use assets	9,433	13,738
Amortisation of intangible assets	22,897	23,216
Depreciation of investment properties	605	775
Addition of impairment of receivables	32,515	35,504
Addition of impairment of inventories	6,408	7,279
Gains on fair value changes of financial assets measured at FVTPL	(5,213)	(1,095)
Charge of share option scheme and restricted share award scheme	12,066	7,322
Share of loss of a joint venture	(30)	(74)
Share of profit of associates	(3,926)	(3,343)
Net foreign exchange gain	(4,045)	(13,206)
Interest income	(20,589)	(11,058)
Interest expenses	89,804	86,944
Changes in working capital:		
Inventories	(9,316)	(44,897)
Trade and notes receivables	155,851	(107,919)
Contract assets	5,621	1,442
Prepayments and other receivables	90,312	(427,592)
Trade and notes payables	(140,307)	241,317
Accruals and other payables	(210,783)	312,593
Contract liabilities	33,101	35,852
Restricted bank deposits	(19,940)	(99,026)
Net cash inflows from operations	409,709	396,680
Interest received	28,751	6,450
Income tax paid	(92,787)	(61,959)
Net cash generated from operating activities	345,673	341,171

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

23. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Investing activities:		
Purchases of property, plant and equipment	(80,791)	(54,872)
Purchases of intangible assets	(5,566)	(4,692)
Proceeds from disposal of property, plant and equipment	7,930	5,130
Dividends received from an associate	15,814	-
Cash paid relating to other investing activities	(8,143)	(46,059)
Cash received relating to other investing activities	3,626	-
Net cash used in investing activities	(67,130)	(100,493)
Financing activities:		
Proceeds from short-term borrowings	753,150	810,000
Repayments of short-term borrowings	(553,000)	(729,000)
Repayments of lease liabilities	(7,391)	(9,445)
Proceeds from long-term borrowings	140,900	91,000
Repayments of long-term borrowings	(79,000)	-
Repurchase of long-term bonds	(276,460)	-
Interest paid	(81,334)	(69,303)
Repurchase of ordinary shares	(14,238)	-
Dividends distribution	(39,018)	-
Cash paid to non-controlling interests for additional interest in a subsidiary	-	(68,621)
Proceeds from disposal of interests in a subsidiary without loss of control	-	97,530
Placement of restricted bank deposits	(23,000)	-
Withdraw of restricted bank deposits	83,000	51,825
Net cash (used in)/generated from financing activities	(96,391)	173,986

24. COMMITMENTS

Capital commitments

Capital commitments related to investments in property, plant and equipment at the reporting date but not yet provided for in the condensed consolidated statement of financial position were as follows:

	As at	As at
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
Contracted but not provided for	48,296	55,745

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value relevant estimation

The fair value of financial instruments is determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 2 and Level 3), based on the degree to which the inputs to the fair value measurements is observable.

The Group measures its following financial instruments at fair value at the end of the reporting period:

Financial assets	Fair value as at 30 June 2024 (unaudited)	Fair value hierarchy	Valuation technique and key input	Significant unobservable input
Notes receivable	112,487,000	Level 3	Fair value is estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk.	Discount rate
Financial assets at FVTPL (Note)	30,000,000	Level 3	Income approach	Weighted average cost of capital ("WACC")
Financial assets at FVTPL	66,523,000	Level 1	Quoted prices in active markets	N/A

Note:

As at 30 June 2024, the financial assets at FVTPL represent the Group's investment in an unlisted partnership entity set up in 2022.

Reconciliation of Level 3 fair value measurements

	Notes Receivable	Financial assets at FVTPL
At 1 January 2024 (audited)	185,064	30,000
Addition	232,345	-
Derecognition	(305,424)	-
Fair value change recognised in other comprehensive income	502	-
At 30 June 2024 (unaudited)	112,487	30,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value relevant estimation *(Continued)*

Fair value of the financial assets and liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial assets including cash and cash equivalents, restricted bank deposits, trade receivables, other receivables and financial liabilities including trade and notes payables, other payables, short-term borrowings, the current portion of long-term borrowings approximate their fair values due to their short maturities.

The carrying amount of long-term borrowings approximated their fair values as the fluctuation of comparable interest rates with similar terms is relatively low.

The carrying amounts and fair values of long-term bonds:

As at 30 June 2024 (Unaudited)	Carrying value	Fair value
Current portion of long-term bonds	545,441	542,713
As at 31 December 2023 (Audited)	Carrying value	Fair value
Long-term bonds	817,474	757,782

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

26. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management of the Group are also considered as related parties.

(a) The following person is related party of the Group during the six months period ended 30 June 2024:

Name of related party	Nature of relationship
Mr. Luo Lin	The ultimate controlling shareholder of the Company

(b) Long-term and short-term bank borrowings guaranteed by related party

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Long-term borrowings		
Mr. Luo Lin (Note 13(a))	150,143	29,078
Short-term borrowings		
Mr. Luo Lin (Note 13(a))	1,055,070	693,784

(c) Key management compensation

	Six months ended 30 June 2024 (Unaudited)	2023 (Unaudited)
Salaries and other short-term employee benefits	8,237	7,464
Pension scheme	163	149
Share-based payments	512	2,147
	8,912	9,760

27. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, the Company is negotiating with several First Round Investors and Second Round Investors to repurchase the equity shares held by the investors in T-ALL Inspection, and details of equity interests held by the investors have been disclosed in Note 15. At the date of issuance of the condensed consolidated financial statements, the negotiation for the repurchase is still in process.