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
Annual REPORT

CONTENTS

ABOUT ANTON

Anton Oilfield Services Group (Hong Kong Stock Exchange Stock Code: 3337) ("Anton" or the "Company", together with its subsidiaries, the "Group") is a world-leading, innovative and integrated oilfield technical services provider. The Group provides clients with a full range of products and technologies for oil and gas development, with business throughout the world's major oil and gas production areas.

The Group is committed to in-depth development in emerging global oil and gas markets, with operations spanning over 30 countries and regions including China, the Middle East, Africa, central Asia, Southeast Asia and Latin America, forming a rapid-response global service support system. Leveraging its unique cost and technology advantages, the Group, through product and service innovation and differentiated operations, comprehensively enhances efficiency for clients' oil and gas development and resource utilization, helping to maximize the value of their assets. The Group's corporate culture is rooted in the traditional oriental culture, with core values centered on clients, hard work, and learning and innovation. The Group's mission is to help others succeed, internally through employee partnership and profit sharing, and externally through win-win development with partners. The Group's vision is to become a model of efficient and harmonious development between people and environment. In every project, the Group is committed to achieving the standard of "superior in execution" to maximize value creation for clients. In the process of development and expansion, the Group strives to promote social progress and achieve harmonious development with the society.

BUSINESS

The Company's long-term strategic goal is to "become a leading global green energy technology service company in the new era". In view of the future development of the industry, the Group continues to innovate and promote the iteration of its product and service. We have put forward four comprehensive solutions: oil and gas development efficiency enhancement, natural gas resource utilization efficiency enhancement, AI-enabled oil and gas development, and platform-collaborative oil and gas development, to help the efficient development and utilization of industry resources and promote the sustainable development of the enterprise.

The Group's current business can be classified into four segments: inspection services, oilfield management services, oilfield technical services and drilling rig services. The four business segments are briefly summarised as follows:

INSPECTION SERVICES

"Inspection services" include various technical services provided by the Group for the efficient operation of oil and gas field equipment and facilities, including inspection and repair, intelligent monitoring, and digital and intelligent management services for various equipment and facilities, so as to help customers reduce costs, ensure asset safety, achieve energy conservation and efficiency, safety and environmental protection.

OILFIELD MANAGEMENT SERVICES

"Oilfield management services" is a premium light asset management service. The Group has strong integrated service capabilities to provide integrated and comprehensive management services for oilfield assets of global oil companies, including integrated oilfield management services, capacity construction, oilfield development management, and oilfield operation and maintenance.

Integrated Oilfield Management Services

"Integrated oilfield management services" aims at oil and gas production and stable production operation, and provides integrated and comprehensive turnkey management services including reservoir support, operation management, production operation, HSE, logistics, third-party service provider management, etc., to help customers achieve efficient development of oil and gas fields and maximize the value of oil and gas resources.

Oilfield Operation and Maintenance Services

"Oilfield operation and maintenance services" are mainly engages in engineering contracting, commissioning, operation and maintenance management of oil and gas field surface equipment and facilities and ancillary utility equipment and facilities. With standardized team management, international service team, high-standard QHSE requirements, professional technical services, the Group is committed to providing safe, cost-effective, efficient and high-quality integrated management services for well stations, surface facilities operation management services, preventive maintenance and inspection and maintenance management services.

OILFIELD TECHNICAL SERVICES

"Oilfield technical services" is a technical service business with traditional advantages of the Group. Taking reservoir geological technology as the core, the Group provides customers with geological technology, drilling technology, well completion technology, stimulation technology services and asset leasing services in the industry, so as to improve the efficiency of customers' resource development, energy conservation and emission reduction through precise services.

Drilling Technical Services

"Drilling technical services" provides integrated drilling and well completion turnkey services as well as specialized individual technical services, including drilling efficiency enhancement, directional drilling and mud engineering services, etc.

Well Completion Technical Services

"Well completion technological services" provides customers with integrated completion solutions for oil and gas wells, featuring integrated services such as completion tools and technologies, sand control technologies, water control and intelligent completions, artificial lift technologies and services, and drainage and gas extraction technologies as technical specialties. Through intelligent completion products, we lead the continuous innovation of well completion processes.

Stimulation Technical Services

"Stimulation technical services" delivers a series of specialized solutions for unconventional reservoir stimulation through integrated geological-engineering approaches. The services feature mature oil and gas field stimulation technologies and services, abundant pumping equipment resources, and comprehensive well intervention and workover capabilities.

Asset Leasing Series Services

"Asset leasing series services" bridges oil and gas development companies, equipment manufacturers and financial institutions by providing comprehensive leasing solutions throughout the entire process. These include solutions for drilling tools, engineering equipment, oil and gas processing equipment and facilities, and new energy equipment and facilities. Through six major services, namely asset sharing services, flexible oil and gas processing facility investment and operation services, equipment energy-saving management services, specialized services of emission reduction and governance, oilfield new energy power generation services and distributed CCUS services, we help customers achieve "more", "faster", "better" and "more economical" outcomes, creating substantial value.

DRILLING RIG SERVICES

"Drilling rig services" provides customers with drilling rig-related services, including drilling operations and rig-required workover services. By leveraging the Group's existing premium drilling technologies and utilizing our owned rig equipment while integrating industry resources, we deliver low-cost, high-efficiency services.

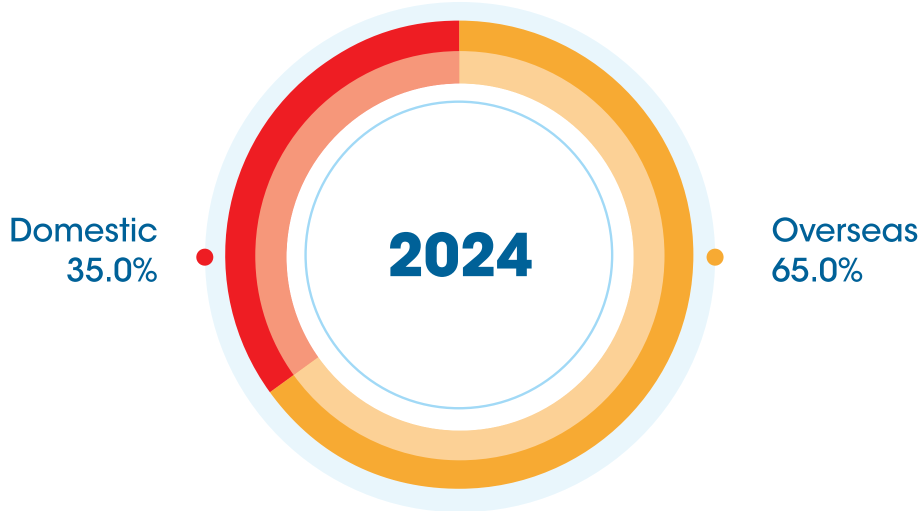
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

RMB ('000)	For the year ended 31 December 2020	2021	2022	2023	2024
Revenue	3,087,652	2,923,566	3,514,912	4,434,798	**4,753,934**
Other gains, net	40,279	24,919	153,114	(17,286)	**(4,673)**
Operating costs	(2,803,400)	(2,519,006)	(3,002,875)	(3,816,826)	**(4,091,492)**
Operating profits	324,531	429,479	665,151	600,686	**657,769**
Finance costs, net	(293,933)	(252,170)	(251,293)	(195,129)	**(156,301)**
Profit before income tax	30,739	176,084	420,502	407,727	**505,643**
(Loss)/profit for the year	(83,760)	75,350	297,591	220,560	**257,504**
(Loss)/profit attributable to: Equity holders of the Company	(95,844)	72,218	293,810	196,513	**242,649**
Non-controlling interests	12,084	3,132	3,781	24,047	**14,855**
Dividends	–	–	–	0.013	**0.025**
(Loss)/earnings per share attributable to the equity holders of the Company during the year (expressed in RMB per share) Basic	(0.0322)	0.0249	0.1013	0.0675	**0.0854**
Diluted	(0.0322)	0.0246	0.0990	0.0666	**0.0837**

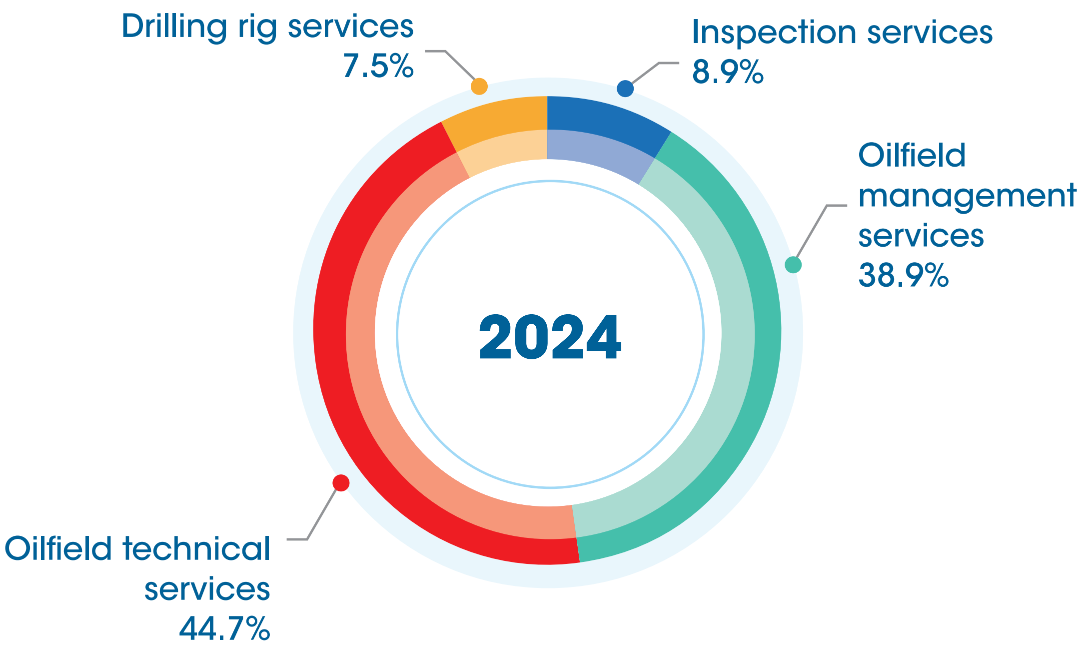
CONDENSED CONSOLIDATED FINANCIAL POSITION

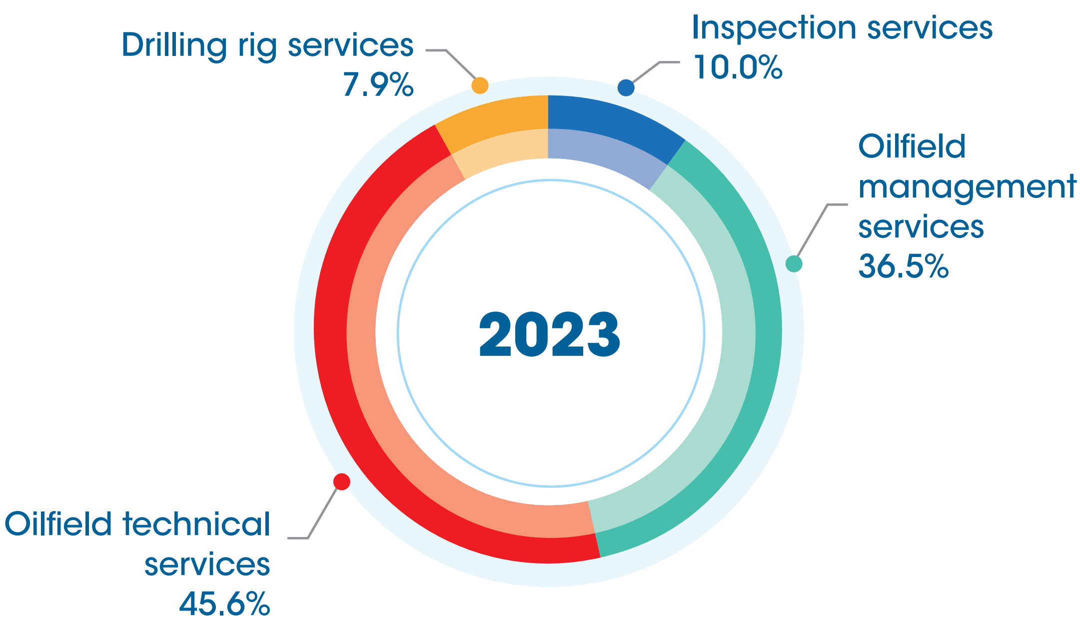
RMB ('000)	As at 31 December 2020	2021	2022	2023	**2024**
Assets					
Non-current assets	2,847,367	2,709,437	2,880,925	2,783,339	**2,677,977**
Current assets	5,033,754	5,439,928	5,101,870	7,023,535	**7,540,005**
Total assets	7,881,121	8,149,365	7,982,795	9,806,874	**10,217,982**
Total equity	2,763,721	2,828,161	3,300,809	3,420,886	**3,608,340**
Liabilities					
Non-current liabilities	2,028,782	996,120	891,033	1,165,331	**470,924**
Current liabilities	3,088,618	4,325,084	3,790,953	5,220,657	**6,138,718**
Total liabilities	5,117,400	5,321,204	4,681,986	6,385,988	**6,609,642**
Total equity and liabilities	7,881,121	8,149,365	7,982,795	9,806,874	**10,217,982**
Net current assets	1,945,136	1,114,844	1,310,917	1,802,878	**1,401,287**
Total assets less current liabilities	4,792,503	3,824,281	4,191,842	4,586,217	**4,079,264**

REVENUE BREAKDOWN BY REGION



REVENUE BREAKDOWN BY BUSINESS CLUSTERS





CHAIRMAN'S STATEMENT

Dear Shareholders and Friends,

It is my pleasure to share with you Anton's achievements in 2024 and our outlook for the future.

In 2024, the Group continued to deepen its global market layout, advance strategic upgrades and management reforms, and focused on building high-quality growth capabilities with global competitiveness. During the year, we achieved sustained breakthroughs in the global market. New orders reached RMB9.01 billion, up 53.7% year-on-year and significantly higher than previous years, with overseas order growth reaching 78.8%. The Group recorded annual revenue of RMB4.75 billion, with overseas business accounting for 65.0% of total revenue. Net profit attributable to shareholders reached approximately RMB240 million, representing a year-on-year increase of 23.5%. Free cash flow doubled to RMB980 million.

Throughout the year, we continuously optimized our global organizational and management mechanisms. We established Dubai as our global headquarters and operations center, China as our technology and materials hub, India as our supply chain center, and Egypt as our human resources center – marking a full upgrade in global resource allocation capabilities. Our digital and intelligent platforms were also further iterated to build a value-focused, cross-regional operating system that significantly improved operational efficiency and transparency, enabling effective management of global operations.

After several years of transformation, we have gradually established a new business model, forming a healthy cycle of simultaneous growth in both business scale and cash flow. Structurally, we positioned innovative business segments as growth drivers, continuously optimizing our product mix and resource allocation. Rapid growth in oilfield management, natural gas utilization, asset integrity inspection, and intelligent oilfield services has opened new growth opportunities even for traditional businesses. Notably, we successfully secured the 25-year development rights for the Dhufriyah oilfield – marking a new milestone in our oil and gas development business. We aim to deliver exceptional value to our clients with a new business model and build Dhufriyah into a model of smart oilfield development in Iraq.

As the Group returned to a healthy growth trajectory, the Board approved and launched dividend and share repurchase policies. In 2024, the Group announced the full year cash dividend of RMB73.0 million. We will continue to enhance shareholder returns through a combination of business-driven growth and capital market tools. In January 2025, the Group successfully repaid all of its USD-denominated bonds using its internal funds, further optimizing its capital structure and enabling the company to move forward with a lighter debt burden and a solid foundation for future growth.

2025 OUTLOOK

The Group advocates the principle of "sticking to long-termism and doing what is difficult but right." With the long-term goal of "building a leading global green energy technology service company," we will approach current layout and action plans from a long-term perspective and continuously manage our long-term growth curve.

On the market front, we will continue to expand in emerging markets across the Gulf countries in the Middle East, North Africa, Central Asia, and Southeast Asia, aiming to develop multiple large-scale overseas markets similar to Iraq in the next five years. We will strengthen our offline sales capabilities and rely on our intelligent sales platforms to efficiently reach customers and acquire projects, thereby driving high growth.

We see new global opportunities in the oil and gas sector. Many marginal and tail-end oilfields remain undeveloped due to low efficiency and high costs, while significant natural gas reserves cannot be commercialized due to infrastructure gaps and limited downstream demand – these are blue ocean markets. In response, we upgraded our strategic positioning to become both a "Oil and Gas Resources Efficiency Enhancement Company" and a "Marginal Oil and Gas Resources Development Company." We will leverage our reservoir, geology, AI, and platform collaboration capabilities to help customers unlock the full value of hydrocarbon resources and commercialize gas assets. To this end, we have launched four core efficiency enhancement solutions: Oil and Gas Resources Development Efficiency Enhancement, Natural Gas Utilization Efficiency Enhancement, AI-Enabled Oil and Gas Development, Platform-Based Collaborative Development. We will promote a strategic model characterized by technology-driven, sales-oriented, globally integrated, and asset-light operations, building core capabilities to sustain growth through market cycles.

We will continue attracting top global talent and develop a dynamic, globally adaptive workforce. At the same time, we will roll out a partnership system to inspire engagement and entrepreneurial spirit across the organization. We will also build a more efficient global operational and management system aligned with our international strategy.

We firmly believe in the importance of maintaining a spirit of passion and creativity. We advocate for entrepreneurship, innovation, and sharing – a mindset that keeps us at the forefront of the times, focused, agile, and energized in the face of change and challenges. This spirit of continuous self-renewal has become a unique driver of our sustainable development, empowering our teams and enabling us to grow together with the times.

ACKNOWLEDGMENT

On behalf of the Board, the management team, and all our employees, I sincerely thank all shareholders, partners, and stakeholders for your ongoing support. Anton will continue to lead through technology, pursue innovation, and consistently create value for our customers, empower our employees, and contribute to society!

Luo Lin
Chairman

24 April 2025

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 Yiaw Hin
Ms. CHEN Xin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

ESG ("ENVIRONMENT, SOCIETY AND GOVERNANCE") COMMITTEE

Ms. CHEN Xin (Chairman)
Mr. PI Zhifeng
Mr. FAN Yonghong

AUTHORIZED REPRESENTATIVES

Mr. LUO Lin
Ms. Nelly AU-YEUNG

COMPANY SECRETARY

Ms. Nelly AU-YEUNG

COMPANY'S WEBSITE

www.antonoil.com

INVESTOR RELATIONS HOTLINE

+86 10 57397584
Email: ir@antonoil.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

No. 8, Pingcui West Road, Donghuqu
Chaoyang District, Beijing, China 100102

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3. Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

as to Hong Kong and U.S. law:

Sidley Austin

as to PRC law:

Tiger Partners

as to Cayman Islands law:

Maples and Calder

PRINCIPAL BANKS

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

BUSINESS REVIEW

In 2024, the global economy demonstrated strong resilience amid multiple challenges, achieving moderate growth. Inflationary pressures eased further, and major developed economies entered an interest rate cut cycle, injecting momentum into the global economic recovery and laying a solid foundation for the oil and gas industry. Driven by supply-demand dynamics, geopolitical factors, and energy policies, international oil prices remained in a mid-to-high range with slight fluctuations, while global oil and gas production saw significant growth. Meanwhile, the global low-carbon transition became more pragmatic, with natural gas demand surging as a key transitional energy source.

Throughout the year, the Group experienced rapid global business expansion, achieving historic high growth in new orders. Profit attributable to equity holders increased by approximately 23.5%, while cash flow remained strong with a robust cash reserve, providing a solid foundation for sustained high growth in the future.

Global Market Expansion

The Group continued to deepen its global market expansion, focusing on breakthroughs in major projects and enhancing global influence. While maintaining its stronghold in China and Iraq, the Group actively expanded and strengthened its presence in the Middle East, Southeast Asia, Central Asia, and Africa, continuously securing new opportunities and business growth.

In 2024, the Group's new orders totaled approximately RMB9,009.2 million, an increase of approximately 53.7% compared to the same period in 2023. Among them, new orders from overseas markets rose significantly by approximately 78.8% to approximately RMB5,802.6 million, accounting for approximately 64.4% of the Group's total new orders. New orders from the Chinese market amounted to approximately RMB3,206.6 million, up approximately 22.5% from the same period in 2023, with a share of 35.6%. As of 31 December 2024, the Group's backlog orders reached approximately RMB14,224.2 million, a record high, ensuring the Group's future rapid growth.

Continuous Updates of Products and Services

The Group continuously upgrades its products and services, offering comprehensive solutions to meet diverse client needs across the entire oil and gas development process. The rapid growth of innovative businesses such as oilfield management, inspection, and asset leasing has further driven the expansion of the traditional businesses.

In terms of business model, the Group achieved a major breakthrough in oilfield management in Iraq. In May 2024, the Group successfully won the Dhufriyah Oilfield development rights in the 5th+ and 6th rounds of Iraq's oil and gas block bidding, securing a 25-year development period. This marks the first time that the Group will lead an oilfield development as an operator, signifying a milestone in the Group's expansion into oil and gas development business. The official development contract has been signed, setting the stage for future growth in Iraq.

Transformation and Upgrading of Management Globalization

In 2024, the Group accelerated its global management transformation and upgrading, implementing a comprehensive restructuring of its organizational structure and operational management system. As a key strategic move, the Group relocated its core operational management headquarters to Dubai in the first quarter, enabling closer proximity to international markets and enhancing global business expansion and operational efficiency.

To support the globalization strategy, the Group continued to strengthen its international talent pool, actively recruiting professionals with global perspectives and strong expertise, ensuring sustained momentum for worldwide growth.

The Group successfully launched and fully implemented the smart production and operations platform, achieving real-time data integration and visualization of operational information. This platform enhances global business connectivity, significantly improves operational efficiency and management effectiveness, and serves as a critical digital enabler for the Group's cost reduction and efficiency enhancement.

Throughout the year, the Group reinforced the "Amoeba" operation and cost control measures, further refining cash flow management across all business operations. This led to a strong cash flow performance, with net operating cash inflow of approximately RMB1,325.1 million and free cash flow of approximately RMB979.7 million.

Lift of Shareholder Returns

The Group places great emphasis on the interests of all shareholders. After careful deliberation, the Board has formulated and announced a dividend and share repurchase policy: If the net profit attributable to equity holders and retained earnings are positive, and the Group's cash flow can support normal operations and sustainable growth, the Group intends to allocate 30% of its net profit attributable to equity holders for cash dividends. If the management deems the Company's stock price to be significantly undervalued, the Group may consider repurchasing its shares, utilizing 5%-10% of the prior year's free cash flow for buybacks at an appropriate time. Through this policy, the Group aims to balance rapid business growth with sustainable shareholder returns, reinforcing long-term value creation. In 2024, the Group's basic earnings per share increased by approximately 26.5 % compared to the previous year. Since there was no material impact of other non-operating factors on the Group's net profit of the year, and the Group's business maintains strong growth momentum with ample cash reserves on hand. The Board of Directors of the Company recommends to allocate 30% of its net profit attributable to equity holders, and to pay a final dividend of RMB73.0 million in total for the year ended 31 December 2024, representing a growth of 87.2% comparing with the final dividend paid for the year 2023.

Environmental, Social, and Governance (ESG)

Centering on medium- and long-term carbon reduction goals, the Group actively promotes management and operation efficiency improvement through technological innovation, strict operation management and service model innovation, and maximizes emission reduction in its own operation process and helps customers achieve emission reduction. In terms of social responsibility, the Group actively engages in community welfare initiatives across its global operations, including charitable donations, education support, disaster relief, and post-disaster reconstruction efforts. Additionally, the Group is dedicated to enhancing global talent acquisition and development, promoting technological innovation, and contributing to social progress.

In 2024, the Group has been selected for the S&P Global "Sustainability Yearbook (China Edition) 2024", making it the first Chinese oilfield services company to receive this honor, reflecting the Group's strong commitment to sustainable development. Moreover, the Group has been recognized for the second consecutive year in the 6th "Outstanding Management Companies in China" (中國卓越管理公司) ranking, jointly issued by Deloitte China, Singapore Bank, Hong Kong University of Science and Technology Business School, and Harvard Business Review (China Edition). A subsidiary of the Group received the prestigious National "Specialized, Refined, Unique, and Innovative Little Giant." (國家級專精特新小巨人) title and was also named one of "Beijing's Top 100 Private Enterprises in Social Responsibility 2024."

Performance Results

For 2024, the Group's revenue totaled approximately RMB4,753.9 million, representing an increase of approximately RMB319.1 million, or approximately 7.2%, from RMB4,434.8 million in 2023. Operating profit was approximately RMB657.8 million, representing an increase of approximately RMB57.1 million or approximately 9.5% from RMB600.7 million in 2023. Net profit was approximately RMB257.5 million, representing an increase of approximately 16.7% from RMB220.6 million in 2023. Profits attributable to equity holders of the Company was approximately RMB242.6 million, representing an increase of approximately RMB46.1 million, or approximately 23.5%, from RMB196.5 million in 2023. The net profit margin attributable to equity holders of the Company was approximately 5.1%.

As at 31 December 2024, the Group's accounts receivable balance was approximately RMB2,328.7 million, and the average accounts receivable turnover was 172 days, representing an increase of 3 days as compared to 2023. The average inventory turnover was 64 days, representing a decrease of 11 days as compared to 2023. The average account payables turnover was 107 days, representing an increase of 19 days as compared to 2023. Net operating cash flow was approximately RMB1,325.1 million, representing an increase of approximately RMB408.3 million from RMB916.8 million in 2023. Free cash flow was approximately RMB979.7 million, representing an increase of approximately RMB480.2 million from RMB499.5 million in 2023.

Geographical Market Analysis

In 2024, the Group's revenue from the overseas markets was approximately RMB3,091.1 million, representing an increase of approximately RMB403.0 million, or approximately 15.0%, from RMB2,688.1 million in 2023, accounting for approximately 65.0% of the Group's total revenue. Among the overseas markets, revenue from the Iraq market was approximately RMB2,601.4 million, representing an increase of approximately RMB390.5 million from RMB2,210.9 million in 2023, an increase of approximately 17.7%, accounting for 54.7% of the Group's overall revenue. Revenue from other overseas markets was approximately RMB489.7 million, representing an increase of approximately RMB12.5 million or approximately 2.6% from RMB477.2 million in 2023, accounting for approximately 10.3% of the Group's overall revenue. Revenue from the PRC market was approximately RMB1,662.8 million, representing a decrease of approximately RMB83.9 million or approximately 4.8% from RMB1,746.7 million in 2023, accounting for approximately 35.0% of the Group's total revenue.

Breakdown of Revenue by Market

	Twelve months ended 31 December			% of the Group's total revenue Twelve months ended 31 December	
	2024 (RMB Mn)	2023 (RMB Mn)	Change (%)	**2024 (%)**	2023 (%)
Overseas	**3,091.1**	2,688.1	15.0%	**65.0%**	60.6%
Domestic	**1,662.8**	1,746.7	-4.8%	**35.0%**	39.4%
Total	**4,753.9**	4,434.8	7.2%	**100.0%**	100.0%

Overseas Markets

	Twelve months ended 31 December			% of the Group's total revenue Twelve months ended 31 December	
	2024 (RMB Mn)	2023 (RMB Mn)	Change (%)	**2024 (%)**	2023 (%)
Iraq	**2,601.4**	2,210.9	17.7%	**54.7%**	49.9%
Other overseas	**489.7**	477.2	2.6%	**10.3%**	10.8%
Total	**3,091.1**	2,688.1	15.0%	**65.0%**	60.7%

Overseas Markets

Iraq

The Group continues to deepen its presence in the Iraq market, establishing new business growth drivers while strengthening its international, integrated service capabilities and brand influence. In 2024, major clients in Iraq continued to increase their capital investment, actively promoting capacity expansion projects. The Group enhanced its sales strategies and market positioning, securing a series of high-value service contracts covering oilfield management, operations and maintenance, inspection, and production enhancement technologies.

Beyond its traditional technical service advantages, the Group has prioritized oilfield management in Iraq as a key light-asset and innovative business model. The integrated oilfield management project in southern Iraq has been in efficient operation for seven years, earning high recognition from clients, with potential expansion of the cooperation scope. This business model, based on client operating expenditures, is a pure light-asset operation, helping the Group mitigate the impact of industry cycles while ensuring stable revenue and cash flow.

In May 2024, the Group successfully secured the development rights for the Dhufriyah oilfield in Iraq, with a 25-year development term. By October 2024, the Group completed all commercial agreements and officially signed the development contract. This project marks a significant milestone for the Group, as it is the Group's first oilfield development as an operator, demonstrating a breakthrough for the Group in the upstream oil and gas sector.

Moreover, the Group actively promotes digital intelligence (AI + digitalization) applications in Iraq to help clients enhance operational efficiency. In December 2024, the Anton Digital Intelligence team launched OGM (Oil & Gas Management) and CPF (Central Processing Facility) automation projects for oilfield clients. As a critical part of Iraq's oilfield digital transformation, this project involves automating OGM and CPF operations, integrating equipment upgrades, real-time data visualization, and monitoring systems to enable comprehensive on-site control and data sharing. These enhancements improve coordination across core oilfield operations, strengthen production management capabilities, and provide a solid foundation for increased production and profitability.

In 2024, the Group's total new orders in the Iraq market reached approximately RMB5,013.7 million, representing a year-on-year increase of approximately 97.3% compared to the same period in 2023. The revenue recorded was approximately RMB2,601.4 million, up by approximately 17.7% from RMB2,210.9 million in the same period last year.

(Note: The newly awarded Dhufriyah oilfield management project in the Iraq market has a business model different from the Group's traditional service model. The Group will act as the operator for the first time and be responsible for the overall oilfield development over the next 25 years. Therefore, the project does not have a definite order amount and is not included in the total new orders.)

Other Overseas Markets – Global Emerging Markets

The Group actively promotes global market expansion and continuously discovers new business opportunities in global emerging markets. The global market is managed from Dubai and radiates to the other overseas markets. Throughout the year, more than 30 national market business opportunities were researched online and offline. During the year, the Group discovered new business opportunities in multiple markets such as the Middle East, Central Asia, Africa, and Southeast Asia, and deeply connect with project opportunities and promote new market breakthroughs in areas such as the UAE, Saudi Arabia, Azerbaijan, Kuwait, Egypt. The Group focuses on relying on comprehensive solutions and provides targeted and efficient services based on the needs of each country/region market.

The Group actively participated in industry exhibitions across global emerging markets, such as the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC 2024) and the Egypt Petroleum Exhibition, further expanding its international customer network and enhancing brand recognition. The Group's comprehensive solutions, specialized production enhancement and efficiency-improving technologies, digital intelligence platform, globalized team, and management capabilities attracted numerous global clients, partners, and industry experts. Additionally, the Group engaged in in-depth discussions with the Egyptian Minister of Petroleum, as well as senior executives from local oil companies, international oil companies, and oilfield service providers. Moreover, the Group signed memorandums of understanding (MOUs) with key clients, laying a solid foundation for expanding its global market presence and strengthening its international business channels.

In 2024, the Group's business in the emerging global oil and gas development markets continued to grow steadily, with total new orders of approximately RMB788.9 million, an increase of approximately 12.0% compared with 2023. In 2024, other overseas markets recorded revenue of about RMB489.7 million, up about 2.6% from RMB477.2 million in 2023.

Domestic Market

In 2024, the Group continued to deepen its light-asset transformation in the China market, focusing on reservoir geology research while adhering to an innovative cash flow-driven business model, gradually transforming its growth model. Throughout the year, the Group actively advanced technological innovation, providing customized and integrated solutions to help clients maximize asset efficiency, achieving multiple technological breakthroughs and operational records.

Relying on its innovative business model and platform advantages, the Group, supported by geological research service technology, successfully delivered high-quality production enhancement technology services for tight gas wells in a certain oilfield, setting a new record for block test production. The Group pioneered a new drilling management and supervision service model and successfully won the bid for the China Energy Storage National Corporation's 300MW Air Energy Storage Project, achieving a groundbreaking market breakthrough in the energy storage sector. In a certain block of the North China Bureau, the Group successfully completed the first ultra-high temperature, ultra-deep vertical well, setting new records for drilling depth and temperature in the block, marking an important milestone in oil and gas exploration. In the Xinjiang market, the Group successfully secured the operation and maintenance contract for an LNG terminal, achieving a new breakthrough in oilfield LNG operation and maintenance projects within China. Additionally, in the Southwest market, the Group initiated the expansion of its natural gas purification and processing services, which is expected to add an additional daily processing capacity of 800,000 cubic meters on top of the existing project. By 2025, the Group's total annual natural gas processing capacity is projected to surpass 1.1 billion cubic meters. This project represents the successful implementation of the Group's BOT (Build-Operate-Transfer) leasing business model, facilitating the continuous expansion of similar business models in other markets in the future.

The Group is also actively advancing digital and intelligent transformation. During the year, the Group's "Full-Scenario Oil and Gas Development Large Model" was awarded the "AI Large Model Industrial Application Capability Evaluation Certificate" by the Industrial Internet Research Institute of the Ministry of Industry and Information Technology, signifying that the Group's large model has reached an internationally advanced level in terms of technology and industry influence. Additionally, the Group's "Oil and Gas Industry Artificial Intelligence Joint R&D Platform" was recognized for its outstanding innovation, promotional value, and demonstration effect, successfully being selected as one of the "Typical Application Cases of AI Empowering New Industrialization" by the Ministry of Industry and Information Technology. Furthermore, the Group received multiple industry awards, including "2024 DAMA Best Practice Award for Data Governance," "Intelligent Innovation Benchmark Enterprise," "AI Application Benchmark Case," "Innovative Application Scenario," "Digitalization Model Case in the Energy Industry," and "2024 Future Enterprise AI Leader." In 2024, the Group provided AI solution design and consulting services for oil and gas development scenarios and pipeline regulation scenarios to state-owned enterprise clients, participating in multiple on-site industrial research projects and collecting over 50 project requirements related to oil and gas development scenarios. The Group also implemented a fiber optic remote monitoring and intelligent analysis project, which enables real-time detection of wellbore leakage points and abnormal annular fluid levels. Through machine learning and AI algorithms, the platform can automatically identify potential leakage risks and issue timely warnings. This project has already been successfully deployed. Regarding software copyrights, Anton Digital Industry Group obtained a total of 16 software copyrights this year, covering areas such as intelligent drilling, intelligent sand plugging, fracturing production forecasting, real-time fiber optic wellbore leakage prediction, Anton Smart Q&A, and Oil & Gas Generic AI.

The Group continued to build an ecosystem-based collaborative platform development model. During the year, the "2024 Annual Oil and Gas Industry Forum", hosted by China Export & Credit Insurance Corporation (Beijing Branch) and organized by the Group, was successfully held in Chengdu. Nearly 100 representatives from oil and gas enterprises, universities, law firms, and financial institutions attended the event. This forum served as a collaborative platform to empower various stakeholders, facilitating the global business expansion of oil and gas enterprises.

In 2024, the Group secured new orders totaling approximately RMB3,206.6 million in the Chinese market, an increase of about 22.5% compared to RMB2,617.2 million in the same period last year. The project structure continued to optimize, with an increasing number of light-asset service orders. The Group recorded revenue of approximately RMB1,662.8 million in the Chinese market in 2024, a decrease of approximately 4.8% compared to RMB1,746.7 million in 2023.

Business Cluster Analysis

During the Reporting Period, the Group's revenue from the inspection services cluster was approximately RMB421.0 million, representing a decrease of approximately 5.6% as compared to 2023 and accounting for approximately 8.9% of the Group's revenue in 2024. Revenue from the oilfield management services cluster was approximately RMB1,848.1 million, representing an increase of approximately 14.2% as compared to 2023 and accounting for approximately 38.9% of the Group's revenue in 2024. Revenue from the oilfield technical services cluster was approximately RMB2,125.9 million, representing an increase of approximately 5.2% as compared to 2023 and accounting for approximately 44.7% of the Group's revenue in 2024. Revenue from the drilling services cluster was approximately RMB358.9 million, representing an increase of approximately 2.7% as compared to 2023 and accounting for approximately 7.5% of the Group's revenue in 2024.

Revenue Breakdown by Cluster

	Twelve months ended 31 December			% of the Group's total revenue Twelve months ended 31 December	
	2024 (RMB Mn)	2023 (RMB Mn)	Change (%)	**2024 (%)**	2023 (%)
Inspection services	**421.0**	445.9	-5.6%	**8.9%**	10.0%
Oilfield management services	**1,848.1**	1,617.9	14.2%	**38.9%**	36.5%
Oilfield technical services	**2,125.9**	2,021.6	5.2%	**44.7%**	45.6%
Drilling rig services	**358.9**	349.4	2.7%	**7.5%**	7.9%
Total	**4,753.9**	4,434.8	7.2%	**100.0%**	100.0%

Inspection Services

Inspection services business is a key focus area for light-asset service expansion. The Group's inspection services business, operated through its subsidiary T-ALL Inspection, has become China's largest and most technically advanced inspection service provider in the natural gas sector. With a mission to enhance oilfield equipment efficiency, reduce energy and material consumption, and drive carbon neutrality, T-ALL Inspection serves major natural gas fields in Tarim, Sichuan, and Ordos while also achieving breakthroughs in key Belt & Road markets across the Middle East, Central Asia, and Africa.

The Inspection Services Cluster adopts the strategy of the "one core plus two emerging" businesses mix. The core "asset integrity management as the core inspection technology service" consists of non-destructive inspection, oil casing inspection, gas seal inspection, pipeline inspection, and metrology inspection, among other technical services and covers the entire process of natural gas development, production, storage and transportation, and metrology. At the same time, the Group promoted the "two emerging" pillars of technical services – "decarbonization technical services" and "intelligent inspection technical services" – to carry out environmental inspection around carbon peaking and carbon neutrality goals and to use next-generation technologies such as big data, AI, and Internet of Things to continue to improve our intelligent service capabilities, help customers reduce costs, ensure asset security and achieve energy savings, efficiency, safety, and environmental protection.

As the first asset securitization initiative under the Group's multi-entity business strategy, the Group had planned to spin off T-ALL Inspection for an independent listing in the mainland China capital market. However, due to prevailing macroeconomic conditions, the Group anticipates delaying the listing plan. To mitigate potential financial and contractual constraints arising from prior strategic investment agreements that specified listing timelines, following board approval of both T-ALL and the Group and amicable discussions with strategic investors, the Group completed a cash buyback of relevant strategic investor shares on 6 September 2024. The spin-off listing of T-ALL Inspection will be progressed at an appropriate market window, based on capital market conditions.

In 2024, revenue from the inspection services amounted to approximately RMB421.0 million, representing a decline of approximately 5.6% compared to RMB445.9 million in the previous year. This decrease was primarily due to adjustments in customer demand in certain markets, leading to a reduction in business volume. However, through strict internal management, cash flow control, and cost management, the Group maintained stable cash flow throughout the year, while the EBITDA margin improved. Meanwhile, in response to market changes, management developed a new market breakthrough plan to enhance future performance.

During the year, the Inspection Group's Asset Integrity Management Services achieved a major breakthrough in the Indonesian market, successfully securing project implementation. Non-destructive inspection services expanded comprehensively into surface engineering fields in oil and gas fields, while pipeline inspection services made significant progress in South America and Africa. Additionally, inspection services for new energy equipment and facilities secured large-scale orders within China. The Inspection Group demonstrated accelerated global market expansion, deepening business diversification, and enhanced technological competitiveness, laying a solid foundation for sustainable growth in future business development.

Due to the decline in revenue, the EBITDA for inspection services increased from RMB140.0 million in 2023 to approximately RMB146.3 million in 2024, representing a decline of approximately 4.5%. The EBITDA margin improved to 34.8%, an increase of 3.4 percentage points compared to 31.4% in the previous year.

(Note: Due to factors such as intra-group related services, the disclosure of inspection services as a Group business cluster may differ from the inspection business of T-ALL Inspection as an independent legal entity for spin-off and separate listing.)

Oilfield Management Services

The Group possesses advanced oil & gas development technologies and a highly specialized oilfield management team, committed to delivering efficient oilfield management and integrated services that maximize asset value for clients. Our oilfield management service network spans Iraq, West Africa, and China, establishing long-term, stable partnerships through exceptional service quality.

Since 2018, the Group has provided oilfield management services for the Majnoon Oilfield in Iraq, earning high recognition from clients and expanding collaboration areas. Meanwhile, our integrated oilfield management project in Chad has remained steadily operational, further demonstrating the Group's expertise in international oil & gas operations and strong market influence in the region.

During the reporting period, the Group achieved a major breakthrough in its oilfield management business, securing a 25-year development contract for the Dhufriyah Oilfield in Iraq. This marks the Group's entry into independent oilfield operations, setting a new milestone in oil & gas field development.

Through years of rapid development, the Group has built an international, professional project management system, gaining strong market validation and client trust. Looking ahead, the Group will continue to expand globally, replicate successful models, and pursue new project opportunities to drive sustainable growth.

In 2024, the Group's oilfield management services continued to achieve steady growth, with revenue of approximately RMB1,848.1 million, representing an increase of approximately 14.2% as compared to RMB1,617.9 million for the same period last year.

Business analysis of each product line of the oilfield management service cluster:

1) Integrated oilfield management projects: During the reporting period, the integrated oilfield management services product line recorded revenue of approximately RMB1,089.6 million up by approximately 5.4 % from RMB1,033.9 million in 2023.

2) Oilfield operation and maintenance services: In 2024, the oilfield operation and maintenance service product line recorded revenue of approximately RMB758.5 million, an increase of approximately 29.9 % from RMB584.0 million in 2023.

EBITDA of the oilfield management services cluster increased by approximately 7.1%, from RMB600.2 million in 2023 to approximately RMB642.7 million in 2024, with an EBITDA margin of 34.8%, a drop of 2.3 percentage points from 2023.

Oilfield Technical Services Cluster

The Group's oilfield technology services represent a traditional area of expertise, offering integrated technical solutions covering the entire lifecycle of oil & gas development. With reservoir geology technology at its core, the Group provides geological services, drilling technology, completion technology, production enhancement solutions, and asset leasing services, ensuring efficient resource development and maximizing reservoir asset value for clients.

The Group remains committed to technological innovation and is actively expanding its green technology portfolio. This year, the Group introduced localized industry chain solutions for the natural gas industry, aiming to support global natural gas resource clients in achieving highly efficient resource development and utilization. At the same time, leveraging the Group's distinctive geological engineering research and specialized technical expertise, we have introduced customized low-cost solutions aimed at enhancing block production for our clients while reducing development costs. The Group's AI-enabled services, featuring precise real-time digital monitoring and intelligent efficiency enhancement, are also being promoted and applied both in China and overseas markets.

In 2024, revenue from the oilfield technical services cluster was approximately RMB2,125.9 million, representing an increase of approximately 5.2% from RMB2,021.6 million for the same period last year.

Business analysis of each product line of the oilfield technical service cluster:

1) Drilling technical services: This product line recorded revenue of approximately RMB216.6 million in 2024, representing a decrease of approximately 44.5% compared to RMB390.4 million for the same period last year.

2) Well completion technical services: This product line recorded revenue of approximately RMB318.5 million in 2024, representing an increase of approximately 51.1% compared to RMB210.8 million for the same period last year.

3) Stimulation technical services: This product line recorded revenue of approximately RMB1,326.1 million in 2024, representing an increase of approximately 10.4% from RMB1,201.1 million in 2023.

4) Asset leasing services: This product line recorded revenue of approximately RMB264.7 million in 2024, representing an increase of approximately 20.7% from RMB219.3 million for the same period last year.

EBITDA of the oilfield technical services cluster increased by 0.7% to RMB569.1 million in 2024 from RMB565.4 million in 2023, with an EBITDA margin of 26.8%, a decrease 1.2 percentage points from 28.0% for the same period last year.

Drilling Rig Services

Under the strategic background of the Group's comprehensive internationalization and upgrading to asset-light and innovative businesses, rig services, which is a capital intensive business, is no longer the focus of the Group's development. The Group will rely on the existing high-quality drilling technology, make full use of its own drilling equipment, and integrate industry resources through the Group's ecological cooperation platform, so as to achieve low-cost operation and provide efficient drilling services.

In 2024, revenue from the drilling services cluster reached approximately RMB358.9 million, representing an increase of approximately 2.7% from RMB349.4 million for the same period last year.

EBITDA of the drilling services cluster increased by 2.5% to approximately RMB110.4 million in 2024 from RMB107.7 million in 2023, with an EBITDA margin of 30.8%, basically unchanged from last year.

Alignment of Strategic Resources

In 2024, the Group continued to curb new capital expenditure, abided strictly with its "asset-light" business model and maintained "cash flow" focus. Capital expenditure for 2024 was approximately RMB186.3 million, representing a decrease of approximately RMB90.7 million from RMB277.0 million in 2023.

Alignment of Investment

In 2024, the Group primarily made supplementary investments in support of equipment deployed on ongoing projects.

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

In 2024, the Group continued to promote the construction of an innovative, geo-engineering integrated, digital, specialized and innovative oilfield technology company with comprehensive solutions for oil and gas development, and achieved fruitful results in independent innovation, joint innovation with customers and solution service capacity building. In 2024, the Group invested approximately RMB115.7 million in R&D, up 3.6% from RMB111.7 million in the same period last year. The main research results include:

- Sliding Sleeve, Rotary Stepping Sliding Sleeve, and Fracturing Sliding Sleeve Invention Patent
- Pipeline Inner Wall Deburring System and Method Invention Patent
- Filter Sleeve End Flattening Machine Invention Patent
- Pre-filled Tracer Screen Pipe Invention Patent
- Filter Sleeve End Shaping Equipment Invention Patent
- Dissolvable Ball Seat and Ball-Drop Sliding Sleeve Invention Patent

Alignment of Human Resources

In 2024, as the Group's global operations expanded rapidly, the Group made significant progress in organizational transformation, talent management, and recruitment & training, achieving notable results in supporting efficient global operations.

During the year, the Group completed a major organizational upgrade, establishing dual management headquarters in Dubai and Beijing, marking a major step in its globalization strategy. Some functional management departments were relocated closer to the regional markets to enhance responsiveness and local competitiveness. Meanwhile, a multi-tiered information-sharing system was launched, breaking down information barriers, facilitating efficient data flow, and optimizing resource allocation to improved operational efficiency.

In addition, the Group continued to upgrade its global human resource management system to provide solid support for global operations. By optimizing the talent evaluation mechanism, further improve the talent structure, promote the continuous iteration and upgrading of team capabilities. At the same time, promote the global recruitment strategy, build a global recruitment network and professional team, to provide a strong talent guarantee for the global transformation.

In terms of talent training, the Group continued to provide online training through the "Oil Mates" platform, which provides open and diversified training courses not only for the Group's employees, but also for industry talents. During the year, the 17th "Ant Training Camp" in Iraq was successfully held for new graduates who joined Anton. This was the first time that such training was completely organized in Iraq and all the classes were taught in Arabic, marking that the Group's global training activities entered a new stage. The Group also organizes overseas employees to go to China for training for many times to help employees improve their international cooperation ability. The Group's talent globalization strategy will continue to advance.

As at 31 December 2024, the total number of employees of the Group was 6,754, representing an increase of 244 as compared to 31 December 2023, of which 4,244 were overseas employees, accounting for 62.8% of the Group's total employees.

OUTLOOK

The Group is committed to its long-term strategic vision of becoming a leading global green energy technology service company in the new era, guided by the principle: "To stick to long-termism and do what is difficult but right." With a strong order backlog and a well-established global market presence, the Group will take 2025 as a new starting point for rapid growth, seizing industry opportunities, driving continuous breakthroughs, and achieving sustained high-speed development.

In terms of market expansion, the Group will continue to drive global market penetration, adhering to a customer-centric approach to promote the transformation of its global business. The Group will strive to build a global market network platform, strengthen digital sales capabilities comprehensively, and create a global business platform to achieve full online and offline service coverage worldwide. Furthermore, the Group will enhance its market insights by conducting synchronized regional market research globally, focusing on opportunity identification, and concentrating resources to make key breakthroughs. The Group is committed to building a strong network for oil and gas resource development, continuously enhancing its industry influence, reinforcing global resource mobilization capabilities, and ensuring the low-cost implementation of large-scale projects, thereby laying a solid foundation for the Group's continuous and stable growth.

In terms of products and services, the Group will continue to drive its global and service upgrades with a top-level industry perspective. The Group has newly introduced comprehensive efficiency-enhancing solutions for oil and gas development, addressing industry challenges such as low oil and gas development efficiency, inefficient utilization of natural gas, low production and operational efficiency, harsh social and geographical environments, and ineffective resource organization. To tackle these issues, the Group has launched the "Anton oil & gas filed Development Efficiency Enhancement Solution," the "Natural Gas Utilization Efficiency Enhancement Solution," the "AI-Enabled Oil and Gas Development Efficiency Enhancement Solution," and the "Platform collaborative oil & gas Development and Utilization Solution." These solutions aim to resolve inefficiencies in various stages of oil and gas field development by offering key technologies, comprehensive engineering services, innovative and management services, AI-driven transformation, and a robust resource-sharing platform, ultimately delivering all-around efficiency-enhancing services to clients and making oil and gas development more cost-effective and efficient.

In terms of management, the Group will strengthen growth management and strive to build a long-term high-speed growth flywheel; emphasize innovation management, establish an ecosystem-based multi-entity business model, and continuously optimize the decentralized Amoeba management model; enhance cost and expense control, upgrade procurement management, and improve external resource mobilization capabilities. Adhering to a cash flow-based operational approach, the Group will further integrate financial solutions into its business operations to enhance risk resilience; implement a partner incentive mechanism to stimulate creativity and support long-term rapid business development.

At the same time, the Group will make every effort to build a global leadership team that aligns with its rapid growth, strengthen personnel selection, and actively attract global talent with an entrepreneurial mindset and a strong drive for self-growth. The Group will fully implement a hybrid model that integrates globalization and localization, providing an open, rigorous, and efficient working environment for global talent; accelerate the construction of global human resources to ensure a strong talent pipeline for the Group's sustained and healthy development.

With the corporate vision of "becoming a model for the efficient and harmonious development between humanity and the environment," the Group will remain steadfast in executing its sustainable development strategy. The Group will actively promote green energy development technologies and digital intelligence applications to facilitate carbon reduction across the industry. During the globalization process, the Group will proactively protect local ecosystems while actively supporting the economic development, technological advancement, and talent cultivation of the communities in which it operates, fostering mutual prosperity; continue to collaborate with industry partners to share growth opportunities and drive the green transformation of the industry.

Faced with future uncertainties and challenges, the Group firmly believes in the importance of maintaining a spirit of optimism. The Group will continue to respond to change proactively, look toward the future with confidence, remain optimistic, persevere, innovate, and create breakthrough value, driving sustainable development forward!

FINANCIAL REVIEW

Revenue

The Group's revenue for 2024 was approximately RMB4,753.9 million, representing an increase of approximately RMB319.1 million, or approximately 7.2%, from RMB4,434.8 million for the same period of 2023.

Costs of Sales

Cost of sales increased by approximately 7.7% to approximately RMB3,350.9 million in 2024, from RMB3,112.5 million in 2023, mainly due to the corresponding increase in cost as a result of revenue growth.

Other Gains, Net

During the year, the Group's other gains net increased by approximately RMB12.6 million from RMB-17.3 million in 2023 to RMB-4.7 million in 2024.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Impairment losses under expected credit loss model, net of reversal decreased approximately RMB28.5 million from approximately RMB89.8 million in 2023 to RMB61.3 million in 2024.

Selling Expenses

Selling expenses for 2024 were approximately RMB240.4 million, representing an increase of approximately RMB44.5 million, or 22.7%, from RMB195.9 million in 2023.

Administrative Expenses

Administrative expenses for 2024 were approximately RMB306.7 million, representing an increase of approximately RMB13.2 million, or 4.5% from RMB293.5 million in 2023.

R&D Expenses

R&D expenses for 2024 were approximately RMB115.7 million, representing an increase of approximately RMB4.0 million, or 3.6% from RMB111.7 million in 2023.

Sales Taxes and Surcharges

Sales taxes and surcharges were approximately RMB16.6 million in 2024, representing an increase of approximately RMB3.2 million, or 23.9%, from RMB13.4 million in 2023.

Operating Profit

The Group's operating profit for 2024 was approximately RMB657.8 million, representing an increase of approximately RMB57.1 million, or 9.5%, from RMB600.7 million in 2023. The operating profit margin for 2024 was approximately 13.8%, representing an increase of 0.3 percentage points from 13.5% for the same period of 2023.

Net Financing Costs

Net financing costs for 2024 were approximately RMB156.3 million, representing a decrease of approximately RMB38.8 million, or 19.9%, from RMB195.1 million in 2023.

Income Tax Expense

Income tax expense for 2024 was approximately RMB248.1 million, representing an increase of approximately RMB60.9 million, or 32.5%, from RMB187.2 million in 2023.

Profit for the Period

The Group's net profit for 2024 was approximately RMB257.5 million, representing an increase of approximately RMB36.9 million or 16.7% from RMB220.6 million in 2023.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company for 2024 was approximately RMB242.6 million, representing an increase of approximately RMB46.1 million or 23.5% from RMB196.5 million in 2023.

Trade and Notes Receivable

As at 31 December 2024, the Group's net trade and notes receivables were approximately RMB2,328.7 million, representing a decrease of approximately RMB112.3 million from 31 December 2023. The average trade receivable turnover was 172 days for 2024, representing an increase of 3 days as compared to 2023.

Inventories

As at 31 December 2024, the Group's inventories amounted to approximately RMB771.4 million, representing a decrease of approximately RMB138.6 million as compared to 31 December 2023.

Liquidity and Capital Resources

As at 31 December 2024, the Group's cash and bank deposits were approximately RMB2,561.1 million (including restricted bank deposits, cash and cash equivalents), representing an increase of RMB492.8 million as compared to 31 December 2023.

As at 31 December 2024, the Group's outstanding short-term borrowings was RMB1,365.0 million. RMB1,315.0 million of the credit line granted to the Group by the PRC domestic banks has not been used.

As at 31 December 2024, the Group's gearing ratio was 55.1%, representing a decrease of 0.6 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 payable (as shown in the consolidated statement of financial position). Total capital is calculated based on equity (as shown in the consolidated statement of financial position) plus total borrowings.

As at 31 December 2024, the equity attributable to equity holders of the Company amounted to approximately RMB3,498.0 million, representing an increase of approximately RMB310.5 million from RMB3,187.5 million as at 31 December 2023.

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

During the twelve months ended 31 December 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 considers that the currency risk associated with the Group's settlement amounts denominated in foreign currencies is immaterial. 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 twelve months ended 31 December 2024, the Group's cash flow from operating activities was a net inflow of approximately RMB1,325.1 million, representing an increase of approximately RMB408.3 million as compared to the same period of 2023.

Capital Expenditure and Investment

For the twelve months ended 31 December 2024, the Group's capital expenditure was approximately RMB186.3 million, representing a decrease of approximately RMB90.7 million from the capital expenditure of RMB277.0 million in 2023.

Contractual Obligations

The Group's contractual obligations mainly consist of its capital commitments. As at 31 December 2024, the Group's capital commitments (but not yet provisioned in the consolidated statement of financial position) amounted to approximately RMB48.3 million.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities or guarantees.

Pledge of Assets

As at 31 December 2024, the Group's assets pledged for banking facilities were buildings and equipment with a net book value of approximately RMB79.3 million, right-of-use assets with a net book value of approximately RMB5.3 million, trade receivables with a net book value of approximately RMB580.6 million and the restricted bank deposits of RMB20.0 million.

Off-Book Arrangements

As at 31 December 2024, the Group had no off-book arrangements.

DIRECTORS' REPORT

The Board of the Company is pleased to present the Directors' Report together with the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group provides comprehensive technology services for oil and gas resource development.

The Group's performance analysis based on segments is set out on Note 5.

RESULTS OF OPERATIONS

The financial results of the Group for 2024 are set out on pages 74 to 164 of this Annual Report.

FIVE YEAR FINANCIAL SUMMARY

The five year financial summary of the Group is set out on pages 5 to 6 in the section headed "Financial Summary" of this Annual Report.

FINAL DIVIDEND

At the Board meeting held on 24 March 2025, the Board recommended the payment of a final dividend of RMB0.025 per Share for the year ended 31 December 2024, with the total amount of RMB73 million (2023: RMB39 million).

BUSINESS REVIEW

Overview

The fair review of the Group's business is detailed in the Management Discussion and Analysis on pages 13 to 29 of this Annual Report. The discussion constitutes a part of this Director's Report.

Principal Risks and Uncertainties

The Group provides oil and gas fields technical services, the main market risk and uncertainties come from the fluctuation of oil and gas price and oil and gas development activities. The Board of the Company pays close attention to the market condition and will change the Group's market strategy according to the market changes to ensure a stable business development of the Group.

Business Outlook

The business outlook of the Group is detailed in the Management Discussion and Analysis on pages 13 to 29 of this Annual Report. The discussion constitutes a part of this Director's Report.

Key Performance Indicators

The key performance indicators are detailed in the financial review set out in the Management Discussion and Analysis on pages 26 to 29 of this Annual Report. This discussion constitutes a part of this Directors' Report.

Environmental Policies and Performance and Compliance with Laws and Regulations

Matters in relation to Environmental Policies and Performance and Compliance with Laws and Regulations, please refer to the "2024 Sustainability Report" which would be published separately by the Group at a later time. The discussion constitutes a part of this Director's Report.

Relationships with Employees

Please refer to the "2024 Sustainability Report", which will be published separately thereafter by the Group. The discussion constitutes a part of this Director's Report.

Relationships with Customers and Suppliers

The Group's major customers are PRC and international oil companies. The Group aims to provide its customer with high quality services as well as low costs and high efficiency. Target of the Group is to make oil and gas development much easier through the services it provides. The Group has formed a long – term strategic partnership with its main customers.

The Group's suppliers are mainly equipment, tools and chemicals providers of the oil and gas industry. The Group keeps good communication with those providers and formed close cooperation for the production and delivery according to the Group's business needs as well as lowering material costs according to long – term cooperation and batch purchases.

For details regarding relationships with customers and suppliers, please refer to the "2024 Sustainability Report", which wil be published separately thereafter by the Group. The discussions constitutes a part of this Director's Report.

MAJOR CUSTOMERS AND SUPPLIERS

The largest customer and the five largest customers of the Group accounted for approximately 40.0% and 70.4% respectively of the Group's revenues for the year ended 31 December 2024.

For the year ended 31 December 2024, the total amount of purchases made by the Group from the largest supplier and its five largest suppliers accounted for approximately 5.9% and 12.7% respectively of the total purchases for the year. As far as the Company is aware, none of the Directors, their associates and shareholders who are interested in more than 5% of the share capital of the Company has any interest in the five largest suppliers and customers.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 35 to the consolidated financial statements.

PROPERTIES, PLANT AND EQUIPMENT

Additions to the property, plant and equipment of the Group for the year ended 31 December 2024 totaled RMB166.6 million. Details of movements are shown under Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive right under the Articles of Association of the Company and the Cayman Islands laws, which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the twelve months ended 31 December 2024, the Company repurchased a total of 52,090,000 shares on The Stock Exchange of Hong Kong Limited.

The details of the share purchase are as follows:

Month	Number of shares repurchased	Purchase price per share (HK$)		Total consideration (before expenses) (HK$)
		Highest	Lowest	
July 2024	26,104,000	0.59	0.54	15,205,013.60
October 2024	7,818,000	0.60	0.57	4,647,396.60
November 2024	11,000,000	0.59	0.55	6,274,700.00
December 2024	7,168,000	0.60	0.56	4,149,044.00

During 2024, the trustee of the Company's Restricted Share Award Scheme purchased a total of 84,066,000 shares of the Company in the secondary market using the Company's own funds for the purpose of the Restricted Share Award Scheme. These purchased shares represent 2.8% of the Company's total issued share capital as at the date of this report.

For the twelve months ended 31 December 2024, the Company repurchased a total of USD51,730,000 of the 2025 Bonds with the coupon rate of 8.75% due in 2025 through secondary market transactions.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold, or repurchased any listed securities of the Company.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in Notes 15 and 36 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution amounted to RMB1,029.7 million.

BOND AND SENIOR NOTES

Details of the bonds and senior notes are set out in Note 16 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company disclosed in this Directors' Report on pages 39 to 42 and Note 14 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year.

DIRECTORS

The members of the Board during the year and up to the date of this Annual Report are:

Executive Directors

Mr. Luo Lin	(appointed on 3 August 2007)
Mr. Pi Zhifeng	(appointed on 25 March 2015)
Mr. Fan Yonghong	(appointed on 16 April 2019)

Non-executive Director

Mr. Huang Song	(appointed on 31 December 2020)

Independent Non-executive Directors

Mr. Zhang Yongyi	(appointed on 17 November 2007)
Mr. Zhu Xiaoping	(appointed on 17 November 2007)
Mr. Wee Yiaw Hin	(appointed on 19 April 2017)
Ms. Chen Xin	(appointed on 27 December 2024)

The biographical details of the Directors and senior management are set out under the section headed "Profiles of Directors and Senior Management" of this Annual Report.

In accordance with Article 130 of the Articles of Association, one-third of the Directors shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. In addition, in accordance with the letters of appointment for two of the Independent Non-executive Directors, namely Mr. Zhang Yongyi and Mr. Zhu Xiaoping, they shall retire and being eligible, will offer themselves for re-election at the annual general meeting of the Company. Accordingly, Mr. Luo Lin, Mr. Fan Yonghong, Mr. Zhang Yongyi, Mr. Zhu Xiaoping and Ms. Chen Xin shall retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Mr. Luo Lin, being the Executive Director, has renewed his service contract with the Company for a term of three years commencing from 3 June 2022, which may be terminated by not less than three months' notice in writing served by either party on the other.

Mr. Pi Zhifeng, being the Executive Director, has renewed his service agreement with the Company for a term of three years commencing from 23 May 2024, which may be terminated by not less than three months' notice in writing served by either party on the other.

Mr. Fan Yonghong, being the Executive Director, has renewed his service agreement with the Company for a term of three years commencing from 16 April 2022, which may be terminated by not less than three months' notice in writing served by either party on the other.

Mr. Huang Song, being the Non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 31 December 2023, which may be terminated by not less than three months' notice in writing served by either party on the other.

Mr. Zhang Yongyi and Mr. Zhu Xiaoping, being the Independent Non-executive Directors, has renewed their letter of appointment with the Company for a term of one year commencing from 9 January 2025, which may be terminated by not less than three months' notice in writing served by either party on the other.

Mr. WEE Yiaw Hin, being the Independent Non-executive Director, has renewed his letter of appointment with the Company for a term of three years commencing from 19 April 2023, which may be terminated by not less than three months' notice in writing served by either party on the other.

Ms. Chen Xin, being the Independent Non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 27 December 2024, which may be terminated by not less than three months' notice in writing served by either party on the other.

Save as disclosed above, no Director for re-election at the annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

There was no transactions, arrangements or contract of significance connected to the business of the Group to which the Company, its subsidiaries, or its holding company or any of its fellow subsidiaries was a party and in which any Director and the Director's connected party had a direct or indirect material interest, subsisting at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

During the financial year, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the Directors. The permitted indemnity provisions are provided for in the Company's Articles of Association in respect of potential loses and liability associated with legal proceedings that may be brought against such Directors and the payment of any sum primarily due from the Company that may be liable by the Directors.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or exited during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) had an interest in any business which competes or may compete with the business in which the Group is engaged during the year.

Pro Development Holdings Corp. is beneficially controlled by Mr. Luo Lin, the Executive Director.

Pro Development Holdings Corp. and the Executive Directors have provided the Company with an annual confirmation in respect of the compliance with non-competition undertaking given by them.

The Independent Non-executive Directors have also reviewed the compliance by Pro Development Holdings Corp. and the Executive Directors with the Non-competition Undertaking during the year. The Independent Non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by Pro Development Holdings Corp. and the Executive Directors of the non-competition undertaking given by them.

REMUNERATION OF DIRECTORS

In compliance with the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules, the Company has established a remuneration committee (the "Remuneration Committee") to make recommendations to the Board on the Company's policy and structure for all the Directors' remuneration. The Director's remuneration structure may include a director's fee, a fixed salary, share options and performance bonus. The Directors' remuneration is determined by the Board with reference to the Directors' duties and responsibilities, the recommendations of the Remuneration Committee and the performance and results of the Group. Details of the remuneration of the Directors are set out in Note 37 to the consolidated financial statements of this Annual Report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors and considers all the Independent Non-executive Directors, namely Mr. Zhang Yongyi, Mr. Zhu Xiaoping , Mr. Wee Yiaw Hin and Ms. Chen Xin to be independent.

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

As at 31 December 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 Director	Note	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
LUO Lin	1, 2	Founder of a discretionary trust and beneficial owner	753,122,330	25.43%
PI Zhifeng	2	Beneficial owner	6,878,000	0.23%
FAN Yonghong	2	Beneficial owner	31,120,000	1.05%
ZHANG Yongyi	2	Beneficial owner	3,840,000	0.13%
ZHU Xiaoping	2	Beneficial owner	2,275,000	0.08%
WEE Yiaw Hin	2	Beneficial owner	3,400,000	0.11%
Huang Song	2	Beneficial owner	1,900,000	0.06%

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.

Save as disclosed above, at no time during the year ended 31 December 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 31 December 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	22.42%
China Oil HBP Science & Technology Co., Ltd.	2	Interest of controlled corporation	Long Position	193,766,678	6.54%
BOCI Trustee (Hong Kong) Limited	3	Trustee	Long Position	151,337,719	5.11%

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. 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") serves as the trustee of the Restricted Share Award Scheme. According to the disclosure of interest form filed by BOCI on 25 July 2024 in relation to the relevant event on 25 July 2024, BOCI held 151,337,719 shares of the Company.

Save as disclosed above, as at 31 December 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.

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. For the year ended 31 December 2024, no new share option has been granted. The purpose of the Share Option Scheme is to grant option 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.

The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

The maximum number of shares available for issue under options which may be granted under the Share Option Scheme or other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares in issue as at the date of approval of the share option Scheme limit (i.e. 26 May 2017), being 266,006,925 shares.

As at 31 December 2024, the total number of shares available for issue under the Share Option Scheme was 266,006,925 shares, representing 9.0% of the issued share capital of the Company. This comprised 78,643,333 shares available for future option grants under the Share Option Scheme; and 187,363,592 shares underlying currently outstanding exercisable options. The Share Option Scheme does not include sub-limits for service providers.

The total number of shares issued and which may fall to be issued upon exercise of the options granted pursuant to the Share Option Scheme to an eligible participant in any 12-month period shall not exceed 1% of the number of shares in issue as at the date of grant unless approved by the shareholders in general meeting.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be determined by the Board provided that it shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average of closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. The Board shall have absolute discretion in determining the conditions for the grant of any options, including vesting conditions, performance targets or clawback mechanism.

As at 31 December 2024, the remaining life of the Share Option Scheme was approximately three years and five months.

As at 31 December 2024, the Directors individually and other employees in aggregate of the Company had the following interests in options to subscribe for shares of the Company under the Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company of HK$0.10 each. Details of the movements in the number of share options during the year ended 31 December 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 31 December 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
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

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 31 December 2024
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	-	-	-	0	700,000
				Subtotal	1,400,000	-	-	-	700,000	700,000
WEE Yiaw 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	-	-	-	4,980,000	64,419,078
	1 April 2020	1 April 2021 to 31 March 2026	0.495	1,5	113,439,592	-	-	-	-	113,439,592
				Subtotal	228,024,003	-	-	-	50,165,333	177,858,670
				Total	247,946,925	-	-	-	60,583,333	187,363,592

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 the Stock Exchange

RESTRICTED SHARE AWARD SCHEME

On 30 December 2019, the Board has resolved to adopt the Restricted Share Award Scheme ("Scheme"), under which the total number of shares that may be granted 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. During the reporting period, over 100 employees in key positions including Directors were granted restricted shares. As of 31 December 2024, the remaining life of the Restricted Share Award Scheme was approximately 5 years.

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.

As at 1 January 2024 and 31 December 2024, 52,496,185 shares and 216,590,985 shares were share awards available for future grant under the Scheme respectively.

Objectives

The objective for setting up various employee stock ownership plans 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 a 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.

ADMINISTRATION

The Restricted Share Award Scheme is subject to the administration of the Board in accordance with the rules of the Scheme (the"Scheme Rules"). The Board shall have absolute discretion in determining the conditions for the grant of any Awarded Shares, including vesting conditions, performance targets or clawback mechanism.

VESTING AND LAPSE

Save for the acceptance fee of HK$1.00 payable by the Selected Employee to the Company for the acceptance of the Awarded Shares, the Awarded Shares granted to the Selected Employees under the Scheme to date have been granted at no considerations. Under the Scheme, the Awarded Shares will be transferred to the Selected Employees upon the satisfaction of the vesting conditions.

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

There is no maximum number of Awarded Shares that may be granted to Selected Employees under the Scheme. Notwithstanding the absence of such restrictions, the Board will comply with the requirements of Chapter 17 of the Listing Rules by ensuring that, unless approved by the shareholders, the maximum number of Awarded Shares granted to Selected Employees in any twelve-month period shall not exceed 1% of the Company's total issued share capital on the date of grant.

As at 31 December 2024, there were 151,337,719 shares held in trust under the Scheme (excluding shares vested but not yet transferred to awardees).

The following table summarises the movement in the Company's Awarded Shares which were granted under the Scheme during the reporting period. Save as stated below, during the year ended 31 December 2024, there were no Award Shares granted, vested or lapsed under the Restricted Share Award Scheme.

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 31 December 2024	Closing price of shares on the Hong Kong Stock Exchange before the date of grant (HK$)	Fair value at the date of grant (HK$)	Weighted average price on the day immediately prior to the date of vesting (HK$)
Directors										
LUO Lin	1 January 2021	1,3	8,800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1,3	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	2,366,667	-	4,733,333	0.440	0.435	0.440
	16 December 2024	1	7,100,000	-	-	-	7,100,000	0.590	0.590	0.590
		Subtotal	30,100,000	9,466,667	4,733,334	-	11,833,333	/	/	/

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 31 December 2024	Closing price of shares on the Hong Kong Stock Exchange before the date of grant (HK$)	Fair value at the date of grant (HK$)	Weighted average price on the day immediately prior to the date of vesting (HK$)
PI Zhifeng	1 January 2021	1,3	2,800,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1,3	2,200,000	733,334	733,334	-	-	0.425	0.410	0.345
	22 November 2023	1	2,200,000	2,200,000	733,333	-	1,466,667	0.440	0.435	0.440
	16 December 2024	1	2,600,000	-	-	-	2,600,000	0.590	0.590	0.590
		Subtotal	9,800,000	2,933,334	1,466,667	-	4,066,667	/	/	/
FAN Yonghong	1 January 2021	1,3	5,600,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1,3	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	1,500,000	-	3,000,000	0.440	0.435	0.440
	16 December 2024	1	4,500,000	-	-	-	4,500,000	0.590	0.590	0.590
		Subtotal	19,100,000	6,000,000	3,000,000	-	7,500,000	/	/	/
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	325,000	-	325,000	0.440	0.435	0.440
	16 December 2024	2	600,000	-	-	-	600,000	0.590	0.590	0.590
		Subtotal	2,700,000	650,000	325,000	-	925,000	/	/	/
ZHU Xiaoping	1 January 2021	2,3	800,000	-	-	-	-	0.435	0.435	0.437
	29 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	325,000	-	325,000	0.440	0.435	0.440
	16 December 2024	2	600,000	-	-	-	600,000	0.590	0.590	0.590
		Subtotal	2,700,000	650,000	325,000	-	925,000	/	/	/

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 31 December 2024	Closing price of shares on the Hong Kong Stock Exchange before the date of grant (HK$)	Fair value at the date of grant (HK$)	Weighted average price on the day immediately prior to the date of vesting (HK$)
WEE Yiaw Hin	1 January 2021	2,3	800,000	-	-	-	-	0.435	0.435	0.437
	29 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	325,000	-	325,000	0.440	0.435	0.440
	16 December 2024	2	600,000	-	-	-	600,000	0.590	0.590	0.590
		Subtotal	2,700,000	650,000	325,000	-	925,000	/	/	/
HUANG Song	29 July 2022	2,3	650,000	-	-	-	-	0.425	0.410	0.345
	22 November 2023	2	650,000	650,000	325,000	-	325,000	0.440	0.435	0.440
	16 December 2024	2	600,000	-	-	-	600,000	0.590	0.590	0.590
		Subtotal	1,900,000	650,000	325,000	-	925,000	/	/	/
Employees in aggregate	1 January 2021	1,3	66,830,000	-	-	-	-	0.435	0.435	0.437
	15 July 2022	1,3	59,330,000	18,993,333	18,026,666	966,667	0	0.425	0.410	0.345
	22 November 2023	1	69,600,000	69,600,000	22,174,000	3,080,000	44,346,000	0.440	0.435	0.440
	16 December 2024	1	67,466,000	-	-	-	67,466,000	0.590	0.590	0.590
		Subtotal	263,226,000	88,593,333	40,200,666	4,046,667	111,812,000	/	/	/
		Total	332,226,000	109,593,334	50,700,667	4,046,667	138,912,000	/	/	/

Notes:

1. One-third of the Awarded Shares will be vested in the first year, second year and third year from the grant date.
2. 50% of the Awarded Shares will be vested in the first year and second year from the grant date.
3. The Awarded Shares had been fully vested.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float in compliance with the requirement of the Listing Rules during the year and to the date of this Annual Report.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules during the year ended 31 December 2024.

ARRANGEMENTS TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" above, at no time during or at the end of the year was the Company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of shares in, debentures of, the Company or any other body corporate.

DIRECTOR'S SECURITIES TRANSACTIONS

The directors of the Company (the "Directors") have 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 Directors. Having made specific inquiry with all the Directors, the Company confirms that all Directors have fully complied with the applicable requirements stipulated in the said Code throughout the reporting period.

TAXATION

For the year ended 31 December 2024, no foreign shareholder who is not resident of the PRC is liable for individual or Enterprise Income Tax, Capital Gains Tax, Stamp Duty or Estate Duty of the PRC in relation to their holding of shares of the Company. Shareholders are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owing and disposing of the Company's shares.

RELATED PARTY/CONTINUING CONNECTED TRANSACTIONS

The related party transactions for the year ended 31 December 2024 are set out in Note 34 to the Financial Statements of this Annual Report. None of the related party transactions constitute connected transaction or continuing connected transactions subject to independent shareholders' approval, annual review and will disclosure requirements in Chapter 14A of the Listing Rules.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

There was no change in the Company's constitutional documents during the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 27 May 2025 (Tuesday) and the notice of the AGM will be published and dispatched to the shareholders of the Company in due course in the form prescribed under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from 22 May 2025 (Thursday) to 27 May 2025 (Tuesday), both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 May 2025 (Wednesday).

The register of members of the Company will be closed from 2 June 2025 (Monday) to 4 June 2025 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for receiving the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 30 May 2025 (Friday).

AUDIT COMMITTEE

Pursuant to the requirements of the Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all three Independent Non-executive Directors, namely, Mr. Zhu Xiaoping (Chairman of the Audit Committee), Mr. Zhang Yongyi and Mr. WEE Yiaw Hin. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2024.

AUDITORS

The consolidated financial statements for the year ended 31 December 2024 have been audited by Deloitte Touche Tohmatsu, who shall retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company. A resolution for the reappointment of Deloitte Touche Tohmatsu as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Luo Lin
Chairman

24 April 2025

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

LUO Lin (羅林), aged 57, is the Chairman and founder of the Company, responsible for the Group's overall work, including strategic development and business management. Prior to establishing the Group, Mr. Luo worked at the Tarim Basin from 1992 to 1999. Mr. Luo has 33 years of experience in the petroleum industry. He has an Executive Master of Business Administration (EMBA) degree from Tsinghua University and a bachelor's degree in well bore engineering from Southwest Petroleum Institute (西南石油學院). Mr. Luo is also a certified lawyer and a chartered accountant in the PRC.

PI Zhifeng (皮至峰), aged 46, is the Executive Director and Chief Executive Officer of the Company, responsible for the Group's global marketing and customer management, global expansion of natural gas resource efficiency enhancenment business and capital market-related work. Mr. Pi joined the Group in 2004, and was responsible for the management of strategies, business establishment and capital market. Prior to joining the Group, Mr. Pi was responsible for investment in China Chengxin Financial Consultancy Co., Ltd (中誠信財務顧問有限公司). Mr. Pi has a Master of Business Administration degree from the University of Chicago Booth School of Business in the U.S.

FAN Yonghong (范永洪), aged 54, is the Executive Director, the President and Chief Technology Officer of the Company, and is responsible for the Group's business development and operation management, product research and development, technical cooperation and development, and human resource management. Mr. Fan joined the Group in 2004, and was responsible for the setup and technical construction of the well service business, operation management and the management of business clusters of the Group. Prior to joining the Group, Mr. Fan was employed by PetroChina Tarim Oilfield Company (中石油塔里木油田分公司) between 1991 and 2004. He has 34 years of experience in the petroleum industry. Mr. Fan has an Executive Master of Business Administration (EMBA) degree from China Europe International Business School (CEIBS).

NON-EXECUTIVE DIRECTOR

HUANG Song (黃松), aged 62, is the Non-executive Director of the Company, is also a senior engineer of water supply and drainage who is an inventor of many patents in the industry and won the first prize of Science and Technology progress of Petro China. Mr. Huang acted as the Chairman and General Manager of Beijing Oil HBP Technology Co., Ltd from 1998 to 2009, he was also the former Chairman of China Oil HBP Science & Technology Co., Ltd ("China Oil HBP") from 2009 to 2019 and is currently the Vice Chairman and General Manager of China Oil HBP. Mr. Huang was appointed as an Engineer and Senior Engineer in The Investigation and Design Research Institute of Henan Petroleum Exploration Bureau of Sinopec from 1986 to 1998.

INDEPENDENT NON-EXECUTIVE DIRECTORS

ZHANG Yongyi (張永一), aged 88, is the Independent Non-executive Director of the Company. Mr. Zhang has extensive experience in the petroleum industry. Mr. Zhang was appointed as the Deputy General Manager of CNPC in 1992. Prior to this, he had taught in the Southwest Petroleum Institute (西南石油學院) for more than 32 years. Mr. Zhang was appointed as Chairman of the Supervisory Committee for State-owned Large and Medium Enterprises (國有大中型企業監事會主席) in 2000 and appointed by the State Council of the PRC as inspector (國務院稽察特派員) in 1998.

ZHU Xiaoping (朱小平), aged 76, is the Independent Non-executive Director of the Company. Mr. Zhu has extensive experience in financial management, corporate finance and is currently an Accounting Professor of the Renmin University of China (中國人民大學). He served as the Director of the China Accounting Society (中國會計學會理事) and Director of the China Audit Society (中國審計學會理事).

Wee Yiaw Hin, aged 66, is the Independent Non-executive Director of the Company. Mr. Wee has more than 36 years of experience in the Oil & Gas Industry. He spent 21 years in Shell in Malaysia and Overseas, and joined PETRONAS as Executive Vice President and Chief Executive Officer of Upstream Business in May 2010. Mr. Wee was Executive Director and Executive Committee member of the board of PETRONAS Group. Mr. Wee graduated as a Civil Engineer and holds a Masters' Degree of Science from Imperial College, UK.

Chen Xin (陳欣), aged 56, is the Independent Non-executive Director of the Company. She is currently an independent non-executive director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600999; a company listed on The Stock Exchange of Hong Kong Limited, stock code: 6099). She served as a member of the Executive Committee and the Head of China market of Banque Internationale à Luxembourg S.A. from April 2022 to April 2023. From January 2015 to March 2022, she successively served as the head of the preparatory group of London Branch, the chief representative of London Representative Office and the General Manager of London Branch of Shanghai Pudong Development Bank (a company listed on the Shanghai Stock Exchange, stock code: 600000). Ms. Chen holds a bachelor's degree in international accounting from Tianjin University of Finance and Economics and a master's degree in business administration from the University of Westminster in the United Kingdom.

SENIOR MANAGEMENT

SHEN Haihong (沈海洪), aged 55, is an Executive Vice President of the Company, and is in charge of the management of the Group's QHSE (Quality, Health, Safety and Environmental Protection) system, assisting the chairman of the Board of Directors in overseeing the Group's audit and supervision department. Mr. Shen joined the Group in 2007, and was in charge of the tubular service cluster as well as operational management of the Group. Prior to joining the Group, Mr. Shen was employed by CNPC between 1991 and 2006. He has more than 34 years of experience in the petroleum industry. Mr. Shen has a Master of Business Administration degree from Tsinghua University and a Bachelor's degree in drilling engineering from Southwest Petroleum University. He is also a senior engineer in drilling engineering.

XU Hongjian (徐宏劍), aged 43, is the Chief Financial Officer of the Company, and is in charge of the Group's financial management, fund management, legal matters and compliance management, relationship maintenance with financial institutions and participation in capital market work. Mr. Xu joined the Group in 2006 and was responsible for the risk control and marketing of the Group. Prior to joining the Group, from 2003 to 2006, Mr. Xu worked at Deloitte & Touche LLP and was engaged in financial audit. Mr. Xu holds a bachelor's degree in finance from Fudan University, and an Executive Master of Business Administration degree (EMBA) from Tsinghua University.

Since the listing of its shares on the Stock Exchange on 14 December 2007, the Company is committed to maintaining a high standard of corporate governance and has adopted the code provisions (the "Code Provision(s)") under Appendix C1 to the Listing Rules as its own code. The Company has been in compliance with all the applicable Code Provisions for the year ended 31 December 2024.

Under the structure of the existing Board of Directors, there are three Executive Directors, one Non-executive Directors and four Independent Non-executive Directors to ensure the independent and objective running of the Board, and the relevant Board committees play an important role in the Company's decision-making, monitoring and advisory work.

CORPORATE CULTURE

The Company always adheres to the corporate vision of "becoming a model for the efficient and harmonious development between mankind and the environment", and works hand in hand with industry ecological partners to provide technological innovation breakthroughs and create breakthrough contributions to the efficient development of oil and gas resources, increase production and reduce costs. On the basis of maintaining the security and stability of the supply chain of the energy industry, we also promote the green and low-carbon transformation of the industry and the sustainable development of the industry. On the social front, we share and create with partners from all walks of life. In terms of talent recruitment, we emphasize internationalization and diversification. We create an equal and inclusive workplace environment for our employees and attach great importance to talent cultivation and development. We insist on integrity management and are committed to realizing sustainable development of the enterprise.

CORPORATE CULTURE

Vision

To be a model of efficient and harmonious development between mankind and the environment

Mission

Help others succeed

Business philosophy

To pursue happiness for our employees, progress of the society, and return for our shareholders

Core values

Client-Centric, hardworking, learning and innovation

For details about corporate culture and related measures of the Company, please refer to "Sustainability Report" of the Company.

CORPORATE GOVERNANCE STRUCTURE

As the core of corporate governance for the Company, the Board has distinct duties from those of the management. The Board is responsible for providing direction to and effective supervision of the management, while the management is in charge of executing established strategies and directions. Generally speaking, the Board is responsible for:

- formulating long term strategies of the Group, its subsidiaries and associated companies and supervising their execution;
- approval of operational plan and financial budget;
- approval of the relevant annual and interim results;
- reviewing and monitoring the risk management and internal control of the Group;
- ensuring good corporate governance and compliance; and
- ensuring that the Group conduct ESG Management according to the requirement under sustainable growth.

The Board authorized the management to execute established strategies and directions of the Group, the management is in charge of the Group's daily operation and reports to the Board. Accordingly, the Board has set out clear written guidelines, in particular, it clearly determined the scope of authority of the management, and those items requiring the Board's approval.

There are agreed procedures for the Directors, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board comprises the following Directors:

Executive Directors

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

Non-executive Director

Mr. HUANG Song

Independent Non-executive Directors

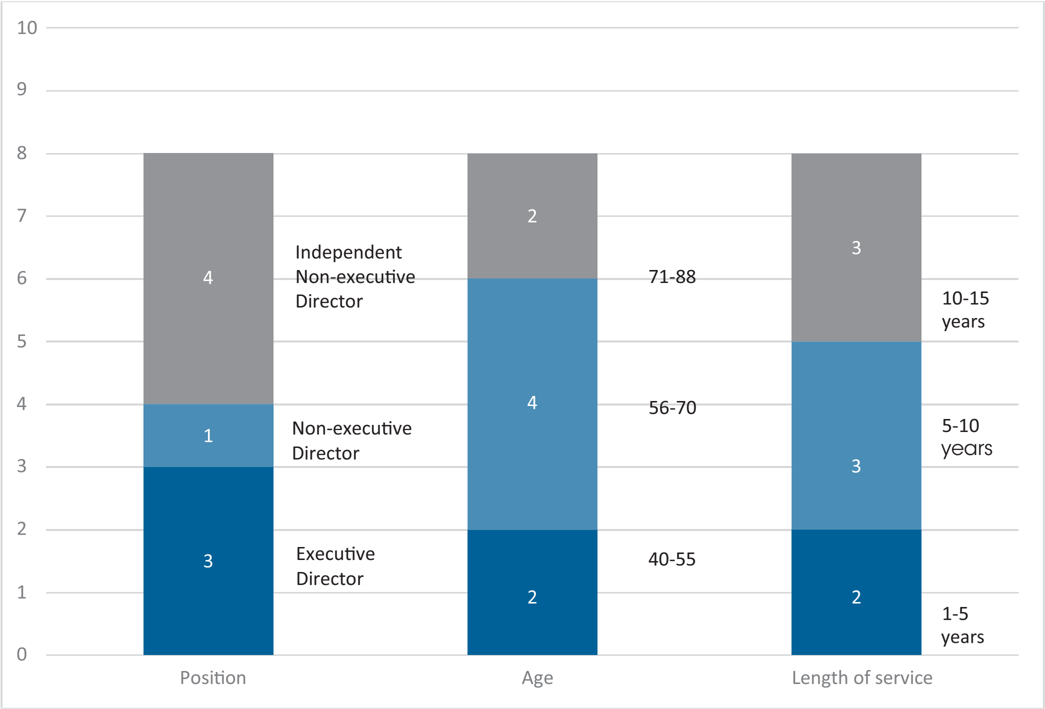
Mr. ZHANG Yongyi
Mr. ZHU Xiaoping
Mr. WEE Yiaw Hin
Ms. CHEN Xin (Appointed on 27 December 2024)

Ms. Chen Xin, who was appointed as an Independent Non-executive Director during the financial year ended 31 December 2024, has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 December 2024, and she has confirmed she understood her obligations as a director of a listed issuer.

The biographical information of the Directors are set out on pages 48 to 49 of this Annual Report. None of the members of the Board is related to one another.

Board Diversity

The Board recognized the benefits of diversity in the Board in enhancing the Board's effectiveness. In this regard, the Board has adopted a Board Diversity Policy (the "Board Diversity Policy") in August 2013 which sets out the approach to achieve diversity on the Board. The Nomination Committee will give consideration to a number of factors as set out in the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, industry experience, skills, knowledge and length of service. As of the date of this Annual Report, board diversity is displayed as below. Details on the biographies and experience of the Directors are set out on page 48 to page 49 of this Annual Report.



The Board is considered well balanced and of a diverse mix appropriate for the needs of the Company. The Company will also takes into account its own business model and specific needs from time to time to determine the optimal composition of the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

Gender Diversity

The Board is committed to improving the gender diversity of the Board of Directors, senior management and other employees. During 2024, the Board has convened a meeting to discuss issues relating to gender diversity of the Board and the management, and set criteria to start identifying suitable candidates, and had hired one female director in December 2024, while continuing to increase the proportion of female employees of its senior management, middle management and other employees.

Details on the gender ratio of the Group together with relevant data can be found in the Sustainability Report published by the Group.

Chairman and Chief Executive Officer

Code Provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has been in compliance with Code Provision C.2.1 of the Corporate Governance Code with Mr. Luo Lin serving as the Chairman and Mr. Pi Zhifeng serving as the Chief Executive Officer.

Independence of the Independent Non-Executive Directors

The Company has received annual confirmation of independence from all the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Consequently, the Board is of the opinion that all the current Independent Non-executive Directors comply with the relevant guidelines set out in Rule 3.13 of the Listing Rules, thus the Company regards all the Independent Non-executive Directors as independent parties.

During the year, the Company has complied with the requirements of Rule 3.10 of the Listing Rules and has at least three Independent Non-executive Directors, including one Independent Non-executive Director, Mr. Zhu Xiaoping, with appropriate professional qualifications or accounting or related financial management expertise. Throughout the year, the Board has at least one-third in number of its members comprising Independent Non-executive Directors in compliance with Rule 3.10A of the Listing Rules.

Mr. Zhang Yongyi and Mr. Zhu Xiaoping have served the Board since 17 November 2007. They have served as Independent Non-executive Directors for more than 10 years. The continued appointment of Mr. ZHANG Yongyi and Mr. ZHU Xiaoping as the Independent Non-executive Directors is subject to approval by the Shareholders in annual general meeting. Mr. Wee Yiaw Hin have served the Board since 19 April 2017. During their years of appointment, Mr. Zhang Yongyi, Mr. Zhu Xiaoping and Mr. Wee Yiaw Hin have demonstrated their ability to provide an independent view to the Company’s matters. Notwithstanding their years of service as Independent Non-executive Directors, the Board is of the view that they are able to continue to fulfill their role as required.

Independence of the Board

The Group has mechanisms to ensure independent views and input are available to the Board and such mechanisms (as stated below) will be reviewed annually by the Board, encouraging all directors including Independent Non-executive Directors to express their views in an open manner during the Board/Board Committees meetings.

1. The Board is able to exercise objective judgment on corporate affairs independently from the Management. No individual or group of individuals is allowed to dominate the Board's decision-making. Currently, nearly half of the Board members are Independent Non-Executive Directors. The Board has complied with the requirements of Rule 3.10 of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. The Nomination Committee and the Board are thus of the view that there is sufficiently strong independent element on the Board to enable independent exercise of objective judgment on corporate affairs of the Group, taking into account factors such as the number of independent directors and the size and scope of the affairs and operations of the Group.

2. All Directors are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the company secretary (the "Company Secretary") and, where necessary, independent advice from external professional advisers at the Company's expense.

3. The Board will undertake more rigorous review annually on the independence of any Director who has served the Board beyond ten years, and in doing so, the Board will also take into account the need for progressive refreshing of the Board. In addition, when a director who has served the Board beyond ten years seeks for continued appointment as an independent non-executive director, his/her re-appointment will also be subject to approval by shareholders in forthcoming annual general meeting.

4. Independent Non-Executive Directors play an important role in the Board's decision-making process. They constructively challenge and assist to develop proposals on strategy, review the performance of the Management in achieving targets and objectives, and monitor the reporting of performance. In particular, the Chairman of the Board ensures that each of the Independent Non-Executive Directors is given sufficient time to express his/her opinions during the Board meetings. The Chairman and the Independent Non-Executive Directors met at least once each year without the presence of the other Executive Directors and the Management.

The Board considered the said mechanisms have been operating effectively.

Appointment and Re-Election of The Directors

The term of the appointment for all three Executive Directors, one Non-executive Director and two Independent Non-executive Directors, Mr. Wee Yiaw Hin and Ms. Chen Xin, is three years and the term of the appointment for the another two Independent Non-executive Directors, Mr. ZHANG Yongyi and Mr. ZHU Xiaoping, is one year. According to the Company's Articles of Association, at every annual general meeting of the Company, one-third of the current Directors shall retire from office by rotation (or if the number of the Directors is not three or a multiple of three, then the nearest but not less than one- third) provided that each Director (including those appointed for a specific term but not including those appointed to fill a casual vacancy or as an addition to the existing Board in accordance with Articles 114 and 115) must retire by rotation at least once every three years. The retiring Directors can be re-elected and continue to participate in the relevant meeting in the capacity as Director.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles of Association of the Company. The Nomination Committee is responsible for reviewing the Board composition, monitoring and make recommendations to the Board on the appointment, re-election and succession planning of Directors.

The newly appointed Directors will receive induction packages containing the duties and responsibilities of directors under the Listing Rules and other applicable rules and regulations. The Company has arranged appropriate insurance cover to indemnify the Directors and officers of the Group for their potential liabilities incurred by them in discharging their duties.

Corporate Governance Functions

The Board has adopted the written terms of reference on corporate governance functions in March 2012 so as to perform corporate governance functions effectively. The relevant authority and duties are clearly set out in its terms of reference which are summarized as follows:

(a) To develop and review the Company's corporate governance policies and implementation on corporate governance;

(b) To review and monitor the training and continuous professional development of Directors and senior management;

(c) To review and monitor the Company's policies and implementation on compliance with legal and regulatory requirements;

(d) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) To review the Company's compliance with the Code Provisions and disclosure in the Corporate Governance Report.

The following is a summary of the work performed by the Board on corporate governance functions during 2024:

(a) Reviewed the Company's corporate governance policy and the implementation thereof;

(b) Reviewed and monitored the code of conduct and compliance manual applicable to the Directors and employees;

(c) Reviewed the Company's compliance with the Code Provisions; and

(d) Reviewed the Board composition.

DIRECTORS' SECURITIES TRANSACTIONS

The Directors have adopted the Model Code (the "Model Code") set out in Appendix C3 to the Listing Rules as its own code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirms that all the Directors have fully complied with the required standards stipulated in the Model Code during the year.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year ended 31 December 2024, the Directors confirmed that they have complied with the Code Provision C.1.4 on Directors' training. During the year, all the Directors have participated in continuous professional development by attending seminars and/or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Name of Directors	Topics on training covered (Notes)	Hours spent
Mr. Luo Lin	C, L, R	7
Mr. Pi Zhifeng	C, L, R	7
Mr. Fan Yonghong	C, L, R	7
Mr. Huang Song	C, L, R	7
Mr. Zhang Yongyi	C, L, R	7
Mr. Zhu Xiaoping	C, L, R	7
Mr. Wee Yiaw Hin	C, L, R	7
Ms. CHEN Xin (Appointed on 27 December 2024)	C, L, R	7

Notes:

C: Corporate governance
L: Listing Rules updates
R: Other relevant regulatory updates

BOARD/BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The Company established the Audit Committee, Remuneration Committee, Nomination Committee and ESG Committee. During the reporting year, the Company had convened 9 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meeting, 1 Nomination Committee meeting and 1 ESG committee meeting. Also, the Company had convened an Annual General Meeting during the reporting year.

Attendances of meetings by the Directors during the year were set out in the table below:

	Meeting attendance/number of meetings					
Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	ESG Committee Meeting	Annual General Meeting
Executive Directors						
Mr. Luo Lin (Chairman of the Board)	9/9	N/A	1/1	1/1	1/1	1/1
Mr. Pi Zhifeng (Chief Executive Officer)	9/9	2/2	N/A	N/A	1/1	1/1
Mr. Fan Yonghong (President)	9/9	N/A	N/A	N/A	1/1	1/1
Non-executive Director						
Mr. Huang Song	9/9	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Mr. Zhang Yongyi	9/9	2/2	N/A	1/1	N/A	1/1
Mr. Zhu Xiaoping	9/9	2/2	1/1	N/A	N/A	1/1
Mr. WEE Yiaw Hin	9/9	2/2	1/1	1/1	N/A	1/1
Ms. Chen Xin (Appointed on 27 December 2024)	1/1	N/A	N/A	N/A	N/A	N/A

In addition to the Board Meetings for results announcement, which are held twice per year, and special board meetings convened to review and approve other significant matters, the Company also holds Board Meetings every quarter (the "Quarterly Meetings") to better exercise the strategic and monitoring roles of the Board. Senior management is invited to attend to enhance Board and management communications. The Quarterly Meetings mainly focus on the Group's strategy execution, operation status, financial operation and budgeting, and capital market etc., Each quarter, a summary report is made on these areas in the previous quarter and discussions are conducted on the plans in these areas for the next quarter. During the reporting year, the dates of holding the Quarterly Meetings were set out as follows:

	1st Quarterly Meeting	2nd Quarterly Meeting	3rd Quarterly Meeting	4th Quarterly Meeting
Date	19 January 2024	12 April 2024	18 July 2024	15 October 2024

MONTHLY MANAGEMENT REPORT

During the inter-sessional period, every Executive Director receives a copy of the financial report and the management report each month, and holds business meetings with the management to obtain information of monthly operating conditions, monitor business progress, and mentor the management with effective planning.

Management will report to all Board Members a monthly briefing which concludes important issues in relation to the marketing, operation, business development, human resources, ESG and capital market etc.

BOARD COMMITTEES

The Board has established the Audit Committee, Remuneration Committee, Nomination Committee (all chaired by Independent Non-executive Director) and ESG Committee with defined terms of reference (available on the Company's website) since the listing of the Company, which are of no less exacting terms than those set out in the Corporate Governance Code.

The Board of Directors

Membership: Four Independent Non-executive Directors, one Non-executive Director, three Executive Directors

Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee
Membership: Three Independent Non-executive Directors	Membership: Two Independent Non-executive Directors and one Executive Director	Membership: Two Independent Non-executive Directors and one Executive Director	Membership: Two Executive Directors and one Independent Non-executive Director

Each Committee has authority to engage outside consultants or experts as it considers necessary to discharge the Committee's responsibilities. To further reinforce independence and effectiveness, all the Audit Committee members are Independent Non-executive Directors, and the Nomination and Remuneration Committees have been structured with a majority of the Independent Non-executive Directors as members since their establishment in November 2007.

Audit Committee

There are three members in the Audit Committee, all of them are Independent Non-executive Directors, namely Mr. Zhu Xiaoping, Mr. Zhang Yongyi and Mr. Wee Yiaw Hin. Mr. Zhu Xiaoping is the Chairman of the Audit Committee. Mr. Zhu Xiaoping has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 (2) of the Listing Rules. The authority and duties of this Committee are clearly set out in its terms of reference.

The major roles and functions of the Audit Committee are as follows:

(a) To monitor the relationship between the Company and the external auditors, make proposals to the Board on the appointment, renewal and dismissal of the external auditors of the Group as well as the relevant remuneration and terms of appointment;

(b) To review the Company's financial information; and

(c) To oversee of the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee held 2 meetings during 2024 and the following major matters were reviewed and discussed in the meetings:

(a) Reviewed the Group's annual results of 2024 and the interim results of 2024 and made recommendations to the Board for approval;

(b) Made recommendation on the re-appointment of the auditor; and

(c) Reviewed the financial reporting system, risk management and the internal control system.

Remuneration Committee

The Remuneration Committee comprises two Independent Non-executive Directors, Mr. Wee Yiaw Hin and Mr. Zhu Xiaoping, and one Executive Director, Mr. Luo Lin. Mr. Wee Yiaw Hin is the Chairman of the Remuneration Committee. The authority and duties of this Committee are clearly set out in its terms of reference.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The major roles and functions of the Remuneration Committee are as follows:

(a) To review and recommend the terms of remuneration, benefits, bonus and other allowances of the Directors and senior management;

(b) To submit proposals to the Board on the remuneration policy and structure of all the Directors and senior management of the Company; and

(c) To approve and monitor the execution of the Company's Share Scheme and Restricted Share Award Scheme. The Board shall have the authority to approve the recommendations made by the Remuneration Committee.

The Remuneration Committee is responsible for ensuring appropriate formality, transparency to the Shareholders and a formal and transparent procedure is in place for developing an appropriate executive remuneration policy and a competitive framework for determining the remuneration packages of Directors and key management personnel. The Remuneration Committee recommends to the Board for the approval of the remuneration framework, including but not limited to fees, salaries, allowances, bonuses, options and benefits-in-kind for the Directors and key management personnel. No Director is involved in any decision-making relating to his/her own compensation. The Company will also engage a third-party remuneration consultant, on a regular basis or as requested by the Remuneration Committee, to review and make recommendations on the remuneration structure and level for the Directors and key management personnel. Under the Company's current remuneration plan, the Company did not engage a third-party remuneration consultant in 2024.

The Remuneration Committee held 1 meeting during 2024 to discuss and approve the grant of restricted share awards and overall remuneration structure adjustment and the performance based incentive mechanism of the Group.

Nomination Committee

The Nomination Committee is composed of two Independent Non-executive Directors, Mr. Zhang Yongyi and Mr. Wee Yiaw Hin, and one Executive Director, Mr. Luo Lin. Mr. Zhang Yongyi is the Chairman of the Nomination Committee. The authority and duties of this Committee are clearly set out in its terms of reference.

The major roles and functions of the Nomination Committee are as follows:

(a) To review the structure, size and composition and diversity of the Board and make recommendations to the Board on the policy and procedures for the nomination of Directors;

(b) To identify individuals suitably qualified to become Board members and may select individuals nominated for directorship, and consider individuals on merit and against the objective criteria, with due regard to the benefits of diversity on the Board;

(c) To make recommendations to the Board on the appointment or re-appointment of Directors, succession planning for Directors, in particular the chairman and the chief executive;

(d) To review the independence of the Independent Non-executive Directors and submit proposals to the Board; and

(e) To review the Board Diversity Policy in particular the measurable objectives set out therein to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

i. The Nomination Committee and/or the Board may select candidates for directorship through various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

ii. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

iii. If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

iv. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

v. For any person nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendations to Shareholders in respect of the proposed election of Director at the general meeting.

The Nomination Committee held 1 meeting during 2024 to discuss the current structure of the Board and discuss the candidates for nominations to the Board. The Nomination Committee recommended to the Board the appointment of a new Independent Non-executive Director, namely Ms. Chen Xin. The appointment was subject to a stringent nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) COMMITTEE (FORMERLY KNOWN AS QHSE (QUALITY, HEALTH, SAFETY AND ENVIRONMENT) COMMITTEE)

The Company set up the QHSE Committee on 21 January 2013 and further upgraded to ESG Committee on 21 May 2020. From 1 January 2024 to 27 December 2024, the ESG Committee was composed of three Executive Directors, namely Mr. Luo Lin, Mr. Pi Zhifeng and Mr. Fan Yonghong. Mr. Pi Zhifeng was the Chairman of the ESG Committee. On 27 December 2024, Ms. Chen Xin was appointed as the Chairman of the ESG Committee and Mr. Pi Zhifeng ceased to be the Chairman but he will continue to act as a member of the ESG Committee; Mr. Luo Lin ceased to be a member of the ESG Committee. As of the date of this report, the ESG Committee comprises two Executive Directors, Mr. Pi Zhifeng and Mr. Fan Yonghong; and one Independent Non-executive Director, Ms. Chen Xin. Ms. Chen Xin is the Chairman of ESG Committee. The ESG Committee aims to build an advanced governance structure of employee stock ownership and construct an environmental-friendly business model to reduce harm to the environment, improve the efficiency of resource use, help talents grow, promote stakeholder development, community progress and achieve long-term sustainable development. Such upgrading of the Board committee aims to further enhance and better promote the ESG-related work of the Group on a top-down basis. The ESG Committee meets at least once every year.

The major roles and functions of the ESG Committee are as follows:

a) To assist the Board to review and evaluate the current status of the Group's environmental, social and governance performance;

b) To make recommendations to the Board in respect of matters potentially affecting the Group's environmental, social and governance standards and the Group's environmental, social and governance policy formulation and system establishment;

c) To assist the Board to supervise the implementation of the Group's environmental, social and governance systems; and

d) To evaluate and review the Group's ESG reports, and be responsible for submitting the reviewed to the Board to ensure the Board's full participation in ESG governance and report disclosure.

The ESG Committee held 1 meeting during 2024 to review and discuss the Company's work on ESG and plan for the forthcoming year.

REMUNERATION OF THE MEMBERS OF THE SENIOR MANAGEMENT BY BAND

The remuneration of the members of the senior management by band for the year ended 31 December 2024 is set out below:

Remuneration band	Number of individuals
HK$4,000,001 – HK$5,000,000	2

ACCOUNTABILITY AND AUDIT

The Directors understand that they must assume the responsibility of preparing the financial accounts of each year. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis.

The declaration of duties by the Auditors of the Group on the Group's financial statements is set out on pages 69 to 73 of the Independent Auditor's Report.

AUDITOR'S REMUNERATION

An analysis of the remuneration for audit and non-audit services provided by the auditor appointed by the Group during the year is as follows:

	2024 RMB'000
Audit services	**6,250**
Non-audit services	**600**
Total:	**6,850**

COMPANY SECRETARY

Ms. Au-Yeung Nelly ("Ms. Au-Yeung") of Tricor Services Limited has been engaged by the Company as the company secretary. The primary contact person of the Company is Mr. Pi Zhifeng, the Executive Director and Chief Executive Officer of the Company.

Ms. Au-Yeung has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to maintain effective risk management and internal control systems of the Company in order to manage rather than eliminate risks of failure to achieve business objectives, and to provide reasonable but not absolute assurance against material misstatement or loss.

The Company implemented various policies and procedures to ensure effective risk management at each aspect of its operation, including the provision of construction operations management, on-site inspection, surveying and sampling services, daily operation management, financial reporting and recording, compliance with applicable laws and regulations on environmental protection and workplace safety.

During the year, the Group had reviewed its internal control system. Based on the review, the Board was satisfied with the effectiveness of the current internal control system of the Group, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's activity and financial reporting function.

The Group has set up the Internal Audit Department, the Legal Department and the Quality Control Department in charge of the internal control and risk management duties. The Executive Directors of the Company receive internal financial report and management report every month for monitoring the operational progress of each business department and making reasonable planning.

The Group has put in place a set of policy on disclosure of inside information which sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and in compliance with the Securities and Futures Ordinance.

SHAREHOLDERS' RIGHTS

The Company encourages shareholders to attend shareholders' meetings. Directors, chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee (or a delegated member of the Committee), Chairman of the Independent Board Committee (if any) and management will attend the annual general meeting of the Company to answer queries about the Group's business.

In 2024, the Company had convened one annual general meeting (the "2024 AGM"). The 2024 AGM provided an ideal chance for communication between the Board and the shareholders. The Chairmen of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee and the Company's external auditor were all present at the AGM held on 24 May 2024, to answer shareholders' inquiries.

THE PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING ("EGM")

Pursuant to the Article 79 of the Articles of Association of the Company: General meetings shall also be convened on the written requisition of one or more members (including a recognized clearing house (or its nominees)) of the Company deposited at the principal office of the Company in Hong Kong which is presently situated at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong), or, in the event the Company ceases to have a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings, on a one vote per share basis, in the share capital of the Company, and such requisitionists(s) may add resolutions to the agenda of a meeting.

Such request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and appropriate, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all registered members. On the contrary, if the request has been verified to be inappropriate, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested.

If, within 21 days from the date of deposit of the requisition proceed duly, the Board fails to convene the meeting to be held within such 21 days, the requisitionist(s) themselves, may convene the general meeting a physical meeting at only one location which will be the Principal Meeting Place, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

THE PROCEDURES AND CONTACT DETAILS FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

The annual general meeting and other general meetings provide an important opportunity for shareholders to express their views and the Company encourages and promotes shareholder attendance and participation at general meetings. The Board members, in particular, the chairman or his delegates, appropriate members of management team and the external auditors of the Company will attend annual general meetings to answer shareholders' questions. Shareholders attending the annual general meeting and other general meetings are allowed to have a reasonable opportunity to ask questions regarding the items on the meeting agenda, including but not limiting to questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company recognises the importance of good communications with its Shareholders and the investment community and also recognises the value of providing current and relevant information to the Shareholders and the investors. The Company has established a Shareholders Communication Policy which is available on the websites of HKEX and the Company.

To facilitate the Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis on the websites of HKEX and the Company, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable the Shareholders to make informed decisions in respect of their investment in the Company. To ensure a timely and equal disclosure to all its Shareholders, the Company also uploads all its press releases, presentation slides to be used at analyst briefings and other disclosure documents which includes material information on the websites of HKEX and the Company.

The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

CONSTITUTIONAL DOCUMENTS

There was no changes to the Company's constitutional documents during the year ended 31 December 2024.

An up to date version of the Company's amended and restated memorandum and articles of association is also available on the Company's website and the Stock Exchange's website.

THE PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD AND SUFFICIENT CONTACT DETAILS TO ENABLE THESE ENQUIRIES TO BE PROPERLY DIRECTED

Shareholders, investors and members of the public should direct their questions about their shareholdings to the Company's Branch Share Registrar in Hong Kong. The contact details for the Share Registrar are as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre, 183 Queen's Road East
Wanchai
Hong Kong

Telephone: (852) 2862 8628
Fax: (852) 2865 0990
Website: www.computershare.com

To contact the Company in relation to your query about the Company, the contact details are as follows:

Tel: (86 10) 5739 7746
Email: ir@antonoil.com

DIVIDEND POLICY

The Group has adopted a policy on payment of dividend (the "Dividend Policy") in accordance with the Hong Kong Corporate Governance Code and has established appropriate procedures for declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to the Shareholders after the Board considering the factors, such as: the funding needs to the operation and business development of the Company from time to time; the market situation from time to time; cash flow and financial condition of the Company; the requirements of the articles of association and the relevant laws, rules and regulations applicable to the Company; and so on. When assessing the Company's performance for each financial year or interim financial period, the Board shall seek to maintain a steady dividend depending on the capital expenditure and cash flow for each financial year or interim financial period, while eliminating the impact of fluctuations in cash flows that may be due to one-off gains or losses in the same period. The Board shall have the full discretion on whether to pay a dividend, subject to the Shareholders' approval, if applicable.

The Board shall review the Dividend Policy on a regular basis.

DISCLAIMERS

The information contained in the section headed "Shareholders' Rights" in this Annual Report is for reference only and does not represent and shall not be regarded as legal or professional advice to the shareholders. Shareholders should seek their own independent legal advice as to their rights as shareholders of the Company. The Company disclaims any and all liabilities and losses that may be incurred by the shareholders for using or relying on any information contained in the section headed "Shareholders' Rights" in this Annual Report.

FINANCIAL CALENDAR 2025

Final Results Announcement For 2024

24 March 2025

Last Day to Register for Attending 2025 Annual General Meeting

21 May 2025

2025 Annual General Meeting

27 May 2025

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANTON OILFIELD SERVICES GROUP
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Anton Oilfield Services Group (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 74 to 164, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANTON OILFIELD SERVICES GROUP *(Continued)*
(incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from provision of services	
We identified revenue recognition from provision of services as a key audit matter due to the significance of revenue generated from provision of services and the inherent risk of manipulating revenue recognition from provision of services by the management. As disclosed in Note 21, the Group is mainly engaged in provision of services through contracts with its customers. Revenue from provision of services amounting to RMB4,343,596,000 for the year ended 31 December 2024 accounted for 91.4% of the Group's total revenue in the consolidated statement of profit or loss. Details of revenue recognition from provision of services and its accounting policies are set out in Note 21 and Note 3, respectively, to the consolidated financial statements.	Our procedures in relation to revenue recognition from provision of services included: • understanding and evaluating the key internal controls relevant to the audit on revenue recognition from provision of services; • examining, on a sample basis, the key terms set out in the Group's contracts with its customers governing the performance obligations and the associated revenue recognition; • obtaining confirmations for the services provided to the selected major customers; and • inspecting, on a sample basis, the customer acceptance documents, the contracts and invoices evidencing that the performance obligations of services were satisfied and control was transferred.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANTON OILFIELD SERVICES GROUP *(Continued)*
(incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANTON OILFIELD SERVICES GROUP *(Continued)*
(incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANTON OILFIELD SERVICES GROUP *(Continued)*
(incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Mak Chi Lung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	As at 31 December 2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,706,428**	1,808,227
Right-of-use assets	7	**98,769**	116,027
Investment properties		**2,592**	3,801
Goodwill	8	**253,630**	253,630
Intangible assets	9	**352,222**	333,081
Interest in a joint venture		**2,622**	2,570
Interests in associates		**21,629**	29,641
Financial assets at fair value through profit or loss ("FVTPL")	34.4	**86,346**	91,310
Prepayments and other receivables	12	**114,922**	120,600
Deferred income tax assets		**38,817**	24,452
		2,677,977	2,783,339
Current assets			
Inventories	10	**771,395**	910,021
Trade and notes receivables	11	**2,328,687**	2,441,035
Contract assets		**26,858**	24,728
Prepayments and other receivables	12	**1,851,952**	1,579,486
Restricted bank deposits	13	**370,354**	482,379
Cash and cash equivalents	13	**2,190,759**	1,585,886
		7,540,005	7,023,535
Total assets		**10,217,982**	9,806,874
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	14	**272,152**	276,274
Reserves	15	**3,225,885**	2,911,265
		3,498,037	3,187,539
Non-controlling interests		**110,303**	233,347
Total equity		**3,608,340**	3,420,886

As at 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

		As at 31 December	
	Notes	**2024**	2023
LIABILITIES			
Non-current liabilities			
Long-term bonds	16	**-**	787,515
Long-term borrowings	17	**443,436**	340,918
Lease liabilities	18	**15,237**	23,380
Deferred income tax liabilities		**12,251**	13,518
		470,924	1,165,331
Current liabilities			
Short-term borrowings	17	**1,364,994**	1,186,110
Current portion of long-term bonds	16	**453,821**	29,959
Current portion of long-term borrowings	17	**177,735**	97,262
Trade and notes payables	19	**1,959,260**	1,819,924
Accruals and other payables	20	**1,712,209**	1,717,749
Lease liabilities	18	**9,095**	12,720
Contract liabilities		**100,045**	73,760
Current income tax liabilities		**361,559**	283,173
		6,138,718	5,220,657
Total liabilities		**6,609,642**	6,385,988
Total equity and liabilities		**10,217,982**	9,806,874

The consolidated financial statements on pages 74 to 164 were approved and authorised for issue by the Board of Directors on 24 March 2025 and were signed on its behalf by:

Chairman
Luo Lin

Executive Director
Pi Zhifeng

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Revenue			
Goods and services	21	**4,607,426**	4,269,950
Rental	21	**146,508**	164,848
Total revenue	21	**4,753,934**	4,434,798
Cost of sales	22	**(3,350,867)**	(3,112,486)
Gross profit		**1,403,067**	1,322,312
Other gain or loss, net	23	**(4,673)**	(17,286)
Impairment losses under expected credit loss model, net of reversal	24	**(61,302)**	(89,819)
Selling expenses	22	**(240,361)**	(195,914)
Administrative expenses	22	**(306,726)**	(293,540)
Research and development expenses	22	**(115,651)**	(111,669)
Sales tax and surcharges		**(16,585)**	(13,398)
Operating profit		**657,769**	600,686
Interest income	25	**50,930**	26,849
Finance expenses	25	**(207,231)**	(221,978)
Finance costs, net	25	**(156,301)**	(195,129)
Share of profit of a joint venture		**52**	171
Share of profit of associates		**4,123**	1,999
Profit before income tax		**505,643**	407,727
Income tax expense	27	**(248,139)**	(187,167)
Profit for the year		**257,504**	220,560
Profit attributable to:			
Owners of the Company		**242,649**	196,513
Non-controlling interests		**14,855**	24,047
		257,504	220,560
Earnings per share attributable to the owners of the Company for the year (expressed in RMB per share)			
– Basic	28	**0.0854**	0.0675
– Diluted	28	**0.0837**	0.0666

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Profit for the year		**257,504**	220,560
Other comprehensive (expense)/income , net of tax:			
Items that may be reclassified subsequently to profit or loss			
Net investment hedge	15(b)	**(7,202)**	(13,656)
Financial instruments measured at fair value through other comprehensive income ("FVTOCI")		**1,254**	(350)
Currency translation differences	15(a)	**18,652**	15,935
Other comprehensive income for the year, net of tax		**12,704**	1,929
Total comprehensive income for the year		**270,208**	222,489
Total comprehensive income attributable to:			
– Owners of the Company		**254,768**	199,050
– Non-controlling interests		**15,440**	23,439
		270,208	222,489

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

		Attributable to the owners of the Company									
	Notes	Share capital	Treasury shares	Share premium	Capital reserve Note 15(d)	Statutory reserve Note 15(c)	Retained earnings	Other reserves	Subtotal	Non-controlling interests	Total equity
Balance at 1 January 2023		276,274	(33,459)	1,049,578	483,716	76,900	1,358,563	(130,098)	3,081,474	219,335	3,300,809
Comprehensive income											
Profit for the year		-	-	-	-	-	196,513	-	196,513	24,047	220,560
Other comprehensive (expense)/income											
- Net investment hedge	15(b)	-	-	-	-	-	-	(13,656)	(13,656)	-	(13,656)
- Financial instruments measured at FVTOCI		-	-	-	-	-	-	(350)	(350)	-	(350)
- Currency translation differences	15(a)	-	-	-	-	-	-	16,543	16,543	(608)	15,935
Total comprehensive income		-	-	-	-	-	196,513	2,537	199,050	23,439	222,489
- Repurchase of ordinary shares	14	-	(35,500)	-	-	-	-	-	(35,500)	-	(35,500)
- Share option scheme and restricted share award scheme	14	-	-	-	12,954	-	-	-	12,954	-	12,954
- Vesting of shares under restricted share award scheme		-	18,532	-	(18,532)	-	-	-	-	-	-
- Acquisition of non-controlling interests in a subsidiary		-	-	-	-	-	-	(9,866)	(9,866)	(70,000)	(79,866)
- Changes in ownership interests in subsidiaries without loss of control	20	-	-	-	-	-	-	36,957	36,957	60,573	97,530
- Recognition of put option	20	-	-	-	-	-	-	(97,530)	(97,530)	-	(97,530)
Total transactions with owners, recognised directly in equity		-	(16,968)	-	(5,578)	-	-	(70,439)	(92,985)	(9,427)	(102,412)
Balance at 31 December 2023		276,274	(50,427)	1,049,578	478,138	76,900	1,555,076	(198,000)	3,187,539	233,347	3,420,886

For the year ended 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Attributable to the owners of the Company									
		Share capital	Treasury shares	Share premium	Capital reserve Note 15(d)	Statutory reserve Note 15(c)	Retained earnings	Other reserves	Subtotal	Non-controlling interests	Total equity
Balance at 1 January 2024		276,274	(50,427)	1,049,578	478,138	76,900	1,555,076	(198,000)	3,187,539	233,347	3,420,886
Comprehensive income											
Profit for the year		-	-	-	-	-	242,649	-	242,649	14,855	257,504
Other comprehensive (expense)/income											
- Net investment hedge	15(b)	-	-	-	-	-	-	(7,202)	(7,202)	-	(7,202)
- Financial instruments measured at FVTOCI		-	-	-	-	-	-	1,254	1,254	-	1,254
- Currency translation differences	15(a)	-	-	-	-	-	-	18,067	18,067	585	18,652
Total comprehensive income		-	-	-	-	-	242,649	12,119	254,768	15,440	270,208
- Repurchase of ordinary shares	14	-	(68,078)	-	-	-	-	-	(68,078)	-	(68,078)
- Cancellation of shares repurchased	14	(4,122)	24,010	(19,888)	-	-	-	-	-	-	-
- Restricted share award scheme	14	-	-	-	23,062	-	-	-	23,062	-	23,062
- Vesting of shares under restricted share award scheme		-	20,461	-	(20,461)	-	-	-	-	-	-
- Acquisition of a subsidiary	38	-	-	-	-	-	-	-	-	6,903	6,903
- Changes in ownership interests in subsidiaries without loss of control	20	-	-	-	-	-	-	(70,615)	(70,615)	(139,765)	(210,380)
- Derecognition of put option	20	-	-	-	-	-	-	210,380	210,380	-	210,380
- Dividends relating to 2023 final		-	-	-	-	-	(39,019)	-	(39,019)	-	(39,019)
- Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(5,622)	(5,622)
Total transactions with owners, recognised directly in equity		(4,122)	(23,607)	(19,888)	2,601	-	(39,019)	139,765	55,730	(138,484)	(82,754)
Balance at 31 December 2024		272,152	(74,034)	1,029,690	480,739	76,900	1,758,706	(46,116)	3,498,037	110,303	3,608,340

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	Year ended 31 December **2024**	2023
Cash flows from operating activities			
Net cash inflows from operations	30	**1,440,484**	1,023,856
Interest received		**69,960**	23,903
Income tax paid		**(185,385)**	(130,983)
Net cash generated from operating activities		**1,325,059**	916,776
Cash flows from investing activities			
Purchase of property, plant and equipment		**(158,570)**	(170,508)
Proceeds from disposal of property, plant and equipment		**7,249**	6,624
Purchase of intangible assets		**(32,728)**	(53,420)
Investment in an associate		**(3,500)**	–
Net cash paid for acquisition of a subsidiary	38	**(4,643)**	(30,687)
Dividends received from associate		**15,635**	–
Cash paid relating to other investing activities		**(9,693)**	(28,989)
Net cash used in investing activities		**(186,250)**	(276,980)
Cash flows from financing activities			
Proceeds from short-term borrowings		**1,362,420**	1,494,916
Repayments of short-term borrowings		**(1,182,916)**	(1,449,000)
Proceeds from long-term borrowings		**302,900**	403,000
Repayments of long-term borrowings		**(119,900)**	(61,500)
Repurchase of long-term bonds		**(375,627)**	(34,733)
Repayments of lease liabilities		**(15,406)**	(25,755)
Interest paid		**(159,077)**	(140,336)
Cash paid to non-controlling interests for additional equity interest in a subsidiary		**(249,605)**	(68,621)
Proceeds from disposal of interests in a subsidiary without loss of control	20	**-**	97,530
Payments on repurchase of shares	14	**(68,078)**	(35,500)
Dividends distribution		**(44,641)**	–
Placement of restricted bank deposits	13	**(20,000)**	(20,000)
Withdraw of restricted bank deposits	13	**20,000**	51,825
Net cash (used in)/generated from financing activities		**(549,930)**	211,826
Net increase in cash and cash equivalents		**588,879**	851,622
Cash and cash equivalents at beginning of the year		**1,585,886**	727,904
Exchange gain on cash and cash equivalents		**15,994**	6,360
Cash and cash equivalents at end of the year		**2,190,759**	1,585,886

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 Law of 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.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the 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

Except as described below, the application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements *(Continued)*

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in Notes 19 and 32.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards – Volume 11*[3]
Amendments to IAS 21	*Lack of Exchangeability*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to IFRS Accounting Standards in issue but not yet effective *(Continued)*

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Basis of consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group has the power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer, executive vice presidents and directors who make strategic decisions.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency. The financial statements are presented in RMB, which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in other comprehensive income as qualifying net investment hedge.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the financial period;

(ii) income and expenses for each consolidated statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction-in-progress represents property, plant and equipment under construction and is stated at cost. This includes the costs of construction, machinery, and other expenditures necessary for the purpose of preparing the construction-in-progress for its intended use and those borrowing costs incurred before the assets ready for intended use that are eligible for capitalisation. Construction-in-progress is not depreciated until such time as the relevant asset is completed and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method except for drill pipes are depreciated using unit-of-production method, to allocate their costs to their residual values over their estimated useful lives, as follows:

	Estimated useful life
Buildings	5 – 50 years
Machinery and equipment	5 – 10 years
Motor vehicles	5 – 10 years
Furniture, fixtures, leasehold improvements and others	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the financial period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gain or loss, net", in the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Goodwill

Goodwill arises on the acquisition of subsidiaries, and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets

Computer software

Computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 to 10 years.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Intangible assets *(Continued)*

Patents

Patents are initially recorded at actual cost incurred to acquire and amortised on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years. Development costs that are directly attributable to the design, development and application of patents are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the patents so that it will be available for use;
- Management intends to complete the patents and use or sell it;
- There is an ability to use or sell the patents;
- It can be demonstrated how the patents will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the patents are available; and
- The expenditure attributable to the patents during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the patent include material costs, patent development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments/receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in other comprehensive income and accumulated under the heading of other reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments/receivables. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gain and loss, net" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables from goods and services, notes receivable, other receivables, restricted bank deposits and deposits in bank), and other items (lease receivables and contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables from goods and services, contract assets and lease receivables. For trade receivables from goods and services, contract assets and lease receivables with significant balances mainly from large multinational and state-owned oil companies or credit-impaired, the ECL are assessed individually. For trade receivables from goods and services from private and relatively small customers, the ECL are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables from goods and services from private and relatively small customers are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables from goods and services, other receivables, contract assets and lease receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group entity or the counterparty.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities including long-term borrowings, current portion of long-term borrowings, short-term borrowings, long-term bonds, current portion of long-term bonds, trade and notes payables and part of accruals and other payables are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the aggregate considerations paid for repurchase of shares and the deduction of share capital is recognised in share premium.

Hedging activities

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Hedging activities *(Continued)*

Net investment hedge

The Group's US$ denominated long-term bonds has been designated as hedging instrument for the US$ denominated net investment in the Group's overseas subsidiaries.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in other reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains, net' line item.

Gains or losses on the hedging instrument relating to the effective portion of the hedge accumulated in other reserve are reclassified to profit or loss on disposal of the foreign operation.

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of project-in-progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash. In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and bank deposits.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of financial period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries, a joint venture and an associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, a joint venture and an associate only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Current and deferred income tax *(Continued)*

Deferred income tax *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Employee benefits

Pension and other social obligations

The Group has various defined contribution plans for pensions, housing fund and other social obligations in accordance with the local conditions and practices in the municipalities and provinces in which they operate. A defined contribution plan is a pension and/or other social benefits plan under which the Group pays fixed contributions into a separate publicly administered pension and/or other social insurance plan on mandatory bases. The Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when incurred.

Share-based compensation

The Group operates a number of equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted at the grant date. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Employee benefits *(Continued)*

Share-based compensation *(Continued)*

When the options are exercised, the cash subscribed for the shares issued is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs; and the amount previously recognised in capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will continue to be held in capital reserve.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Treasury shares and restricted share award scheme

Under the restricted share award scheme, the amount paid to repurchase the Group's ordinary shares is included in treasury shares. When the Awarded Shares are vested, the fair value of the vested shares is released from the capital reserve to eliminate the related cost of treasury shares held for the restricted share award scheme. Any difference between the fair value of the vested shares and the related cost of treasury shares is transferred to share premium.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, typically drilling technology service and well completion service (within oilfield technology services) in one contract, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Sublease

The Group leases certain drilling equipment from its suppliers and then leases to its customers. When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required 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 result may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Provision of ECL for trade receivables from goods and services

The impairment of trade receivables from goods and services under ECL model is determined by the management based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group uses provision matrix to calculate ECL for the trade receivables from goods and services from private and relatively small customers. The provision rates are based on past due analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables from goods and services with significant balances from large multinational and state-owned oil companies or credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. In estimating the provision of ECL, the management is required to consider all relevant factors with reasonable and supportable assumptions to make significant accounting estimations.

As at 31 December 2024, the carrying amount of trade receivables from goods and services was RMB2,189,508,000 (31 December 2023: RMB2,192,156,000), already net of accumulated expected credit loss of RMB366,857,000 (31 December 2023: RMB314,310,000). The information about the ECL and the Group's trade receivables from goods and services are disclosed in Note 33.2(b)(i) and Note 11.

(b) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculations require the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flow, a material impairment loss may arise.

As at 31 December 2024, the carrying amount of goodwill was RMB253,630,000 (2023: RMB253,630,000), already net of accumulated impairment loss of RMB26,325,000 (2023: RMB26,325,000). Details of the key assumptions used by the management in goodwill impairment assessment are set out in Note 8.

5. SEGMENT INFORMATION

The chief executive officer, president, executive vice presidents and 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 assesses 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 customer 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 Note 3. The CODM evaluate the performance of the operating segments based on profit before income tax expense, certain depreciation and amortisation, interest income, finance expenses, share of profit of a joint venture and 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.

(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
For the year ended 31 December 2024					
Revenue	**2,125,937**	**1,848,066**	**358,891**	**421,040**	**4,753,934**
EBITDA	**569,094**	**642,699**	**110,364**	**146,337**	**1,468,494**
Depreciation and amortisation	**(251,182)**	**(6,507)**	**(57,531)**	**(16,446)**	**(331,666)**
Asset impairment provision of					
– Inventories	**(5,487)**	**-**	**(915)**	**-**	**(6,402)**
– Trade receivables, net of reversal	**(42,869)**	**(5,896)**	**(190)**	**(3,592)**	**(52,547)**
– Other receivables	**(4,065)**	**(3,584)**	**(1,086)**	**(20)**	**(8,755)**
Interest income	**5,038**	**866**	**1,700**	**6,335**	**13,939**
Finance expenses	**(19,253)**	**(13,143)**	**(3,389)**	**(437)**	**(36,222)**
Share of profit of a joint venture	**52**	**-**	**-**	**-**	**52**
Share of profit of associates	**4,123**	**-**	**-**	**-**	**4,123**
Income tax expense	**(81,835)**	**(134,964)**	**(17,066)**	**(14,274)**	**(248,139)**
Segment results	**173,616**	**479,471**	**31,887**	**117,903**	**802,877**
Unallocated corporate overheads					**(545,373)**
Profit for the year					**257,504**
For the year ended 31 December 2023					
Revenue	2,021,613	1,617,860	349,401	445,924	4,434,798
EBITDA	565,359	600,228	107,690	140,006	1,413,283
Depreciation and amortisation	(271,730)	(8,768)	(58,957)	(17,684)	(357,139)
Asset impairment provision of					
– Inventories	(6,621)	–	(658)	–	(7,279)
– Trade receivables, net of reversal	(69,163)	(8,954)	(1,998)	(1,715)	(81,830)
– Other receivables	(5,300)	(1,641)	(1,048)	-	(7,989)
Interest income	1,340	706	180	5,129	7,355
Finance expenses	(29,220)	(16,108)	(5,999)	(174)	(51,501)
Share of profit of a joint venture	171	–	–	–	171
Share of profit of associates	1,999	–	–	–	1,999
Income tax expense	(52,986)	(101,953)	(15,800)	(16,428)	(187,167)
Segment results	133,849	463,510	23,410	109,134	729,903
Unallocated corporate overheads					(509,343)
Profit for the year					220,560

(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 31 December 2024					
Segment assets	**3,865,754**	**2,073,289**	**720,562**	**409,445**	**7,069,050**
Segment assets include:					
Capital expenditures incurred in the year	**163,154**	**12,026**	**37,621**	**23,599**	**236,400**
As at 31 December 2023					
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 31 December	
	2024	2023
Assets for reportable segments	**7,069,050**	7,199,506
Corporate assets for general management	**3,148,932**	2,607,368
Total assets	**10,217,982**	9,806,874

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

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

5. SEGMENT INFORMATION *(Continued)*

Geographical Information

	Revenue Year ended 31 December		Non-current assets As at 31 December	
	2024	2023	**2024**	2023
PRC	**1,662,877**	1,746,730	**1,712,059**	1,796,672
Republic of Iraq ("Iraq")	**2,601,388**	2,210,871	**547,941**	587,408
Other countries	**489,669**	477,197	**210,254**	191,600
Total	**4,753,934**	4,434,798	**2,470,254**	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

For the year ended 31 December 2024, revenues of approximately RMB2,834,983,000 (2023: RMB2,666,415,000) were derived from two external customers, which contributed 40.03% and 19.60% (2023: 40.33% and 19.79%) to the total revenue respectively. These revenues were mainly attributable to oilfield technical services and oilfield management services segments (2023: oilfield technical services and oilfield management services segments).

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

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Furniture, fixtures, leasehold improvements and others	Construction-in-progress	Total
As at 1 January 2023						
Cost	897,337	2,889,792	66,080	182,149	46,439	4,081,797
Accumulated depreciation	(247,053)	(1,696,344)	(48,215)	(119,339)	–	(2,110,951)
Carrying values	650,284	1,193,448	17,865	62,810	46,439	1,970,846
Year ended 31 December 2023						
As at 1 January 2023	650,284	1,193,448	17,865	62,810	46,439	1,970,846
Additions	-	1,002	755	1,962	115,846	119,565
Transfer in/(out)	4,891	111,069	9,073	6,406	(131,439)	–
Depreciation charge	(43,637)	(231,306)	(5,345)	(12,026)	–	(292,314)
Disposals	(901)	(1,901)	(250)	(793)	–	(3,845)
Currency translation differences	2,983	9,872	106	605	409	13,975
As at 31 December 2023	613,620	1,082,184	22,204	58,964	31,255	1,808,227
As at 31 December 2023						
Cost	902,603	3,002,957	73,078	185,834	31,255	4,195,727
Accumulated depreciation	(288,983)	(1,920,773)	(50,874)	(126,870)	–	(2,387,500)
Carrying values	613,620	1,082,184	22,204	58,964	31,255	1,808,227
Year ended 31 December 2024						
As at 1 January 2024	**613,620**	**1,082,184**	**22,204**	**58,964**	**31,255**	**1,808,227**
Additions	**4,797**	**57,606**	**6,910**	**16,803**	**80,525**	**166,641**
Transfer in/(out)	**7,427**	**75,052**	**357**	**398**	**(83,234)**	**-**
Depreciation charge	**(44,450)**	**(203,645)**	**(7,077)**	**(16,111)**	**-**	**(271,283)**
Disposals	**(209)**	**(4,005)**	**(271)**	**(3,918)**	**-**	**(8,403)**
Currency translation differences	**2,333**	**8,035**	**98**	**429**	**351**	**11,246**
As at 31 December 2024	**583,518**	**1,015,227**	**22,221**	**56,565**	**28,897**	**1,706,428**
As at 31 December 2024						
Cost	**918,345**	**3,108,325**	**75,031**	**193,749**	**28,897**	**4,324,347**
Accumulated depreciation	**(334,827)**	**(2,093,098)**	**(52,810)**	**(137,184)**	**-**	**(2,617,919)**
Carrying values	**583,518**	**1,015,227**	**22,221**	**56,565**	**28,897**	**1,706,428**

During the year ended 31 December 2024, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB217,195,000 (2023: RMB239,906,000), selling, general and administrative expenses with an amount of RMB32,497,000 (2023: RMB30,885,000), and cost of inventories which remained unsold as at year end with an amount of RMB21,591,000 (2023: RMB21,523,000), respectively.

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

6. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 December 2024, long-term borrowings were secured by certain buildings with a carrying value of RMB79,265,000 (31 December 2023: RMB82,591,000) (Note 17(a)).

The Group as lessor

The Group leases out a number of equipment under operating leases. The leases typically run for an initial period of 3 to 24 months. None of the leases includes variable lease payments. The disaggregation of the equipment under operating leases included within "machinery and equipment" and the reconciliation of the carrying amount at the beginning and end of the year are set out as below:

Year ended 31 December 2023	
As at 1 January 2023	120,360
Additions	48,290
Depreciation charge	(27,120)
As at 31 December 2023	141,530
As at 31 December 2023	
Cost	304,619
Accumulated depreciation	(163,089)
Carrying values	141,530
Year ended 31 December 2024	
As at 1 January 2024	**141,530**
Additions	**5,341**
Depreciation charge	**(17,422)**
As at 31 December 2024	**129,449**
As at 31 December 2024	
Cost	**309,960**
Accumulated depreciation	**(180,511)**
Carrying values	**129,449**

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

7. RIGHT-OF-USE ASSETS

	Leasehold lands	Equipment	Buildings	Total
Year ended 31 December 2023				
As at 1 January 2023	81,076	17,870	35,143	134,089
Additions	–	1,186	8,536	9,722
Disposals	(1,361)	–	–	(1,361)
Depreciation charge	(2,569)	(8,484)	(15,370)	(26,423)
Carrying values				
As at 31 December 2023	77,146	10,572	28,309	116,027
Year ended 31 December 2024				
As at 1 January 2024	**77,146**	**10,572**	**28,309**	**116,027**
Additions	**-**	**-**	**1,577**	**1,577**
Depreciation charge	**(2,604)**	**(648)**	**(15,583)**	**(18,835)**
Carrying values				
As at 31 December 2024	**74,542**	**9,924**	**14,303**	**98,769**

During the current and prior years, the Group entered into new lease agreements for the use of buildings for 2 to 5 years (2023: 2 to 5 years) with extension and termination options. The Group is required to make fixed quarterly, semi-annually or annually payments during the contract periods. On lease commencement, the Group recognised RMB1,577,000 (2023: RMB9,722,000) of right-of-use assets and RMB1,577,000 (2023: RMB9,722,000) lease liabilities during the year ended 31 December 2024. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. In addition, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets except for the leasehold lands may not be used as security for borrowing purposes.

For termination options, the Group assesses at lease commencement date that it is reasonably certain not to exercise. For extension options in lease contracts of equipment, the Group assesses at lease commencement date that it is reasonably certain not to exercise since those equipment is used to certain service projects with a limited duration. For extension options in lease contracts of buildings, the Group assesses at lease commencement date that it is not reasonably certain to exercise and the Directors consider the potential future lease payments for lease contracts of buildings not included in lease liabilities are immaterial and hence, no further disclosure is made.

During the year ended 31 December 2024, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB16,477,000 (2023: RMB24,072,000) and cost of inventories which remained unsold as at year end with an amount of RMB2,358,000 (2023: RMB2,351,000), respectively.

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

7. RIGHT-OF-USE ASSETS *(Continued)*

During the year ended 31 December 2024, the expense relating to short-term leases and leases of low-value assets amounts to RMB51,432,000 (2023: RMB95,281,000).

During the year ended 31 December 2024, the total cash outflow for leases amounts to RMB80,128,000 (2023: RMB113,937,000), consisting of RMB15,406,000 (2023: RMB25,755,000) paid for lease liabilities and RMB64,722,000 (2023: RMB88,182,000) paid for short-term leases and other leases with lease terms end within 12 months.

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB3,245,000 (2023: RMB3,461,000) in which the Group is in the process of obtaining.

As at 31 December 2024, the outstanding lease commitment relating to short-term leases of certain equipment and buildings is RMB12,271,000 (2023: RMB6,862,000).

As at 31 December 2024, certain long-term borrowings were secured by right-of-use assets (leasehold lands) with a carrying value of RMB5,343,000 (31 December 2023: RMB5,512,000) (Note17(a)).

8. GOODWILL

Cost	
At 1 January 2023, 31 December 2023 and 2024	**279,955**
IMPAIRMENT	
At 1 January 2023, 31 December 2023 and 2024	(26,325)
CARRYING VALUES	
At 31 December 2023 and 2024	**253,630**

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

8. GOODWILL *(Continued)*

An operating segment-level summary of the goodwill allocation is presented below.

As at 31 December 2024 and 2023	Inspection services	Oilfield technical services	Total
Shandong Precede Petroleum Technology Co., Ltd. (山東普瑞思德石油技術有限公司, "Shandong Precede")	-	132,486	132,486
Beijing Haineng Haite Petroleum Technology Development Co., Ltd. (北京海能海特石油科技發展有限公司, "Beijing Haineng Haite")	-	106,886	106,886
Anton Machinery and Meter Testing Co., Ltd. (安東儀器儀表檢測服務有限公司, "Anton Testing")	2,632	-	2,632
Suining Xingyuan Oil & Gas Development Co., Ltd. (遂甯興源油氣開發有限公司, "Suining Xingyuan")	-	11,626	11,626
	2,632	**250,998**	**253,630**

Goodwill is allocated to the CGUs of the Group identified according to their operations.

The recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The Company expects cash flow beyond the five-year period will be similar to that of the fifth year based on existing production capacity. Cash flows beyond the five-year period are extrapolated using 2% growth rates after considering the inflation factor. Based on the assessments, no goodwill was further impaired as at 31 December 2024.

The key assumptions used for value-in-use calculations in 2024 of Shandong Precede and Beijing Haineng Haite are as follows:

As at 31 December 2024	Shandong Precede	Beijing Haineng Haite
Gross margin	**15.12%**	**17.79%**
Discount rate	**12.73%**	**12.65%**

As at 31 December 2023	Shandong Precede	Beijing Haineng Haite
Gross margin	16.90%	17.09%
Discount rate	12.71%	12.66%

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax long-term weighted average costs of capital, which are based on the management's best estimation of the investment returns that market participants would require for the relevant assets.

Management believed that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the above CGUs to exceed their recoverable amount as of 31 December 2024.

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

9. INTANGIBLE ASSETS

	Patents	Computer software	Total
As at 1 January 2023			
Cost	577,973	88,806	666,779
Accumulated amortisation	(289,744)	(59,420)	(349,164)
Carrying value	288,229	29,386	317,615
Year ended 31 December 2023			
As at 1 January 2023	288,229	29,386	317,615
Additions	58,769	2,633	61,402
Amortisation charge	(42,165)	(3,771)	(45,936)
As at 31 December 2023	304,833	28,248	333,081
As at 31 December 2023			
Cost	636,742	91,439	728,181
Accumulated amortisation	(331,909)	(63,191)	(395,100)
Carrying value	304,833	28,248	333,081
Year ended 31 December 2024			
As at 1 January 2024	**304,833**	**28,248**	**333,081**
Additions	**68,182**	**–**	**68,182**
Amortisation charge	**(45,690)**	**(3,351)**	**(49,041)**
As at 31 December 2024	**327,325**	**24,897**	**352,222**
As at 31 December 2024			
Cost	**704,924**	**91,439**	**796,363**
Accumulated amortisation	**(377,599)**	**(66,542)**	**(444,141)**
Carrying value	**327,325**	**24,897**	**352,222**

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

10. INVENTORIES

	As at 31 December	
	2024	2023
Project materials, spare parts and other materials	**457,081**	596,694
Project-in-progress	**314,314**	313,327
	771,395	910,021

Movements of provision for inventory obsolescence during the year are analyzed as follows:

	2024	2023
As at 1 January	**(139,709)**	(137,353)
Addition	**(6,402)**	(7,279)
Write-off	**6,009**	4,923
As at 31 December	**(140,102)**	(139,709)

11. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2024	2023
Trade receivables (a)		
– contracts with customers	**2,189,508**	2,192,156
– lease receivables	**105,780**	63,815
	2,295,288	2,255,971
Notes receivable (e)	**33,399**	185,064
	2,328,687	2,441,035

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

11. TRADE AND NOTES RECEIVABLES *(Continued)*

Notes:

(a) Ageing analysis of carrying value of trade receivables at the reporting date was as follows:

	As at 31 December	
	2024	2023
1 – 6 months	**1,724,496**	1,752,215
6 months – 1 year	**319,042**	259,574
1 – 2 years	**160,836**	162,672
2 – 3 years	**45,151**	44,914
Over 3 years	**45,763**	36,596
	2,295,288	2,255,971

(b) Most of the Group's past-due trade receivables were those receivables aged over one year. As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB251,750,000 (31 December 2023: RMB244,182,000) which are past due but not considered as in default as at the reporting date because the management considered such long ageing items were receivables from customers with good cooperation and would be collected subsequently.

(c) 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.

As at 31 December 2024, trade receivables of RMB580,595,000 (31 December 2023: RMB421,134,000) were pledged as security for long-term borrowings of RMB399,253,000 (31 December 2023: RMB266,718,000) and short-term borrowings of RMB181,342,000 (31 December 2023: RMB154,416,000) (Note 17(a)).

(d) Movements of impairment of trade receivables are as follows:

	2024	2023
As at 1 January	**(314,310)**	(265,433)
Addition	**(52,547)**	(81,830)
Write-off	**–**	32,953
As at 31 December	**(366,857)**	(314,310)

Details of impairment assessment of trade receivables and notes receivable for the years ended 31 December 2024 and 2023 are set out in Note 33.2(b)(i) and Note 33.2(b)(iii) respectively.

(e) As at 31 December 2024, total notes received amounting to RMB33,399,000 (31 December 2023: RMB185,064,000) are held by the Group as settlement of corresponding trade receivables. Notes receivable was measured at FVTOCI. All notes received by the Group are with a maturity period of less than one year.

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

11. TRADE AND NOTES RECEIVABLES *(Continued)*

Notes: *(Continued)*

(f) Trade and notes receivables were denominated in the following currencies:

	As at 31 December	
	2024	2023
RMB	**1,120,610**	1,321,964
United States dollar ("US$")	**1,188,384**	1,096,816
Others	**19,693**	22,255
	2,328,687	2,441,035

12. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
Current		
Advances to suppliers	**148,277**	167,715
Deposits and other receivables (Note (b))	**1,643,326**	1,358,358
Value-added tax recoverable	**60,349**	53,413
	1,851,952	1,579,486
Non-current		
Value-added tax recoverable	**7,812**	10,424
Advances to engineering equipment suppliers	**24,550**	18,279
Other receivables	**82,560**	91,897
	114,922	120,600

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

12. PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

Ageing analysis of the current portion of prepayments and other receivables at the reporting date was disclosed as follows:

	As at 31 December	
	2024	2023
1 – 6 months	**1,539,663**	1,315,321
6 months – 1 year	**117,677**	155,897
1 – 2 years	**134,157**	102,525
2 – 3 years	**65,526**	11,505
Over 3 years	**62,752**	53,306
	1,919,775	1,638,554
Less: allowance for impairment (a)	**(67,823)**	(59,068)
Prepayments and other receivables	**1,851,952**	1,579,486

Notes:

(a) Movements of allowance for impairment are as follows:

	2024	2023
As at 1 January	**(59,068)**	(51,079)
Additions	**(8,755)**	(7,989)
As at 31 December	**(67,823)**	(59,068)

Details of impairment assessment of other receivables for the years ended 31 December 2024 and 2023 are set out in Note 33.2(b)(ii).

(b) Pursuant to the oilfield management service contract with a third party customer, the Group provides management services, including acting as an agent for the customer's procurement activities. As at 31 December 2024, other receivables amounting to RMB1,154,728,000 (2023: RMB1,007,798,000) mainly represent receivables from this oilfield customer for the procurement costs paid on its behalf and correspondingly, the Group recorded other payables amounting to RMB1,116,182,000 (2023: RMB957,575,000) to the third party suppliers.

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

13. CASH AND BANK

	As at 31 December	
	2024	2023
Restricted bank deposits (a)	**370,354**	482,379
Cash and cash equivalents		
– Cash on hand	**2,679**	2,891
– Deposits in bank	**2,188,080**	1,582,995
	2,561,113	2,068,265

Notes:

(a) As at 31 December 2024, bank deposits amounting to RMB350,354,000 (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 17(a)). The restricted bank deposits carried fixed interest rates between 0.1% to 2.4% per annum (2023: 0.2% per annum).

(b) Cash and bank were denominated in the following currencies:

	As at 31 December	
	2024	2023
RMB	**1,089,917**	1,116,535
US$	**1,312,172**	880,594
Hong Kong dollar ("HK$")	**441**	856
Others	**158,583**	70,280
	2,561,113	2,068,265

(c) As at 31 December 2024, cash and cash equivalents were bank deposits bearing the local market interest in corresponding countries and regions.

(d) Details of impairment assessment of restricted bank deposits and deposits in bank for the years ended 31 December 2024 and 2023 are set out in Note 33.2(b)(iii).

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

14. SHARE CAPITAL AND SHARE OPTIONS

	Number of shares issued and fully paid of HK$0.1 each (thousands)	Share capital	
		HK$'000	RMB'000
Ordinary shares issued and fully paid:			
As at 1 January 2023 and 31 December 2023	3,006,571	300,657	276,274
Cancellation of shares repurchased	(44,922)	(4,492)	(4,122)
As at 31 December 2024	2,961,649	296,165	272,152

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of HK$0.1 each	Price per share		Aggregate consideration paid
		Highest HK$	Lowest HK$	HK$'000
June	31,984,000	0.500	0.450	15,696
July	78,186,000	0.591	0.497	43,604
October	7,818,000	0.599	0.592	4,659
November	11,000,000	0.580	0.564	6,291
December	7,168,000	0.596	0.572	4,160

During the year ended 31 December 2024, the Company repurchased 136,156,000 (2023: 86,758,000) of its own ordinary shares through the Stock Exchange of Hong Kong Limited with an aggregate consideration of HK$74,410,000 (equivalent to approximately RMB68,078,000) (2023: HK$39,059,000 (equivalent to approximately RMB35,500,000)) paid. Of which, 44,922,000 (2023: nil) shares were cancelled upon repurchase and 91,234,000 (2023: 86,758,000) shares were not cancelled and remained as treasury shares at the end of the reporting period.

At 31 December 2024, the Company had outstanding treasury shares of 166,621,000 (31 December 2023: 126,087,000) shares, which are mainly to be granted to the management and staff under the Scheme and not yet vested.

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

Notes:

(i) Share options

In prior years, options to subscribe for certain shares have been conditionally granted to the Directors and key employees. Most of the shares have a 3-year vesting period, 33.33% each exercisable per year, on the premises of achieving the performance conditions of the Group set out in the share option scheme. The options have an option period of 6 years.

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 2023		335,309
Forfeited	0.892	(1,640)
Expired	0.810	(85,722)
As at 1 January 2024		247,947
Forfeited	0.790	(4,980)
Expired	1.020	(55,603)
As at 31 December 2024		187,364

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

Expiry date	Exercise price HK$ per share	Number of share options (thousands) As at 31 December 2024
6 January 2025	0.790	73,924
31 March 2026	0.495	113,440
		187,364

The exercise price of the granted options is equal to the highest of (i) the closing price of the shares of the Company in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the par value of the shares. Options are conditional on the employee completing one to three years' service (the vesting period) and have a contractual option term of six years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

As of 31 December 2024, out of the 187,364,000 options (31 December 2023: 247,947,000 options), 187,364,000 options (31 December 2023: 247,947,000 options) were exercisable.

The total expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2024 for share options amounted to nil (2023: RMB701,000), with a corresponding amount credited in capital reserve.

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

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

Notes: *(Continued)*

(ii) 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.

For the purpose of the Scheme, the Company totally repurchased 343,320,000 of its own ordinary shares through The Stock Exchange of Hong Kong Limited at 31 December 2024, with the price per share from HK$0.330 to HK$0.599. The aggregate consideration paid were RMB138,964,000.

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.

On 16 December 2024, 84,066,000 shares with the fair value of HK$0.590 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.

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

	Number of restricted shares (thousands)
As at 1 January 2023	75,546
Granted (on 22 November 2023)	86,000
Vested	(50,220)
Forfeited	(1,733)
As at 31 December 2023	109,593
As at 1 January 2024	**109,593**
Granted (on 16 December 2024)	**84,066**
Vested	**(50,700)**
Forfeited	**(4,047)**
As at 31 December 2024	**138,912**

The total expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2024 for the Scheme amounted to RMB23,062,000 (31 December 2023: RMB12,253,000), with a corresponding amount credited in capital reserve.

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

15. RESERVES

(a) Translation reserve

	2024	2023
Items that may be reclassified subsequently to profit or loss:		
At 1 January	**128,887**	112,344
Currency translation differences	**18,067**	16,543
At 31 December	**146,954**	128,887

Currency translation differences relating to the translation of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the translation reserve which is shown in other reserves. Currency translation differences accumulated in the translation reserve are reclassified to profit or loss on the disposal/partial disposal of the foreign operations.

(b) Hedging reserve

	2024	2023
Items that may be reclassified subsequently to profit or loss:		
At 1 January	**(196,240)**	(182,584)
Net investment hedge	**(7,202)**	(13,656)
At 31 December	**(203,442)**	(196,240)

The net investment hedging reserve represents the cumulative effective portion of gains and losses arising on changes in exchange rate of hedging instruments entered into for net investment hedge. The cumulative gain and loss arising on changes in exchange rate of the hedging instrument that are recognised and accumulated under the heading of net investment hedging reserve which is further shown in other reserves will be reclassified to profit or loss on the disposal/partial disposal of the foreign operations.

During the year ended 31 December 2024, the Group's US$ denominated long-term bonds amounting to US$60,792,000 (2023: US$111,189,000) has been designated as hedging instrument for the US$ denominated net investment in the Group's overseas subsidiaries. For the year ended 31 December 2024, foreign exchange translation loss of RMB7,202,000 (2023: loss of RMB13,656,000) on the hedging instrument was recognised as other comprehensive income as a debit (2023: debit) in other reserves.

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

15. RESERVES *(Continued)*

(c) Statutory reserve

Subsidiaries established in the PRC shall appropriate 10% of their annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve fund account in accordance with the PRC Company Law and their articles of association. When the balance of such reserve fund reaches 50% of each entity's paid capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or increase capital after approval. However, except for offsetting prior years' losses, the statutory reserve fund must be maintained at a minimum of 25% of paid capital after such usage.

(d) Capital reserve

Capital reserve represents share-based payments reserve and capital injection before listing by shareholders. As at 31 December 2024, included in the balance of capital reserve, there is RMB245,277,000 (31 December 2023: RMB242,676,000) share-based payments reserve and RMB235,462,000 (31 December 2023: RMB235,462,000) capital injection before listing by shareholders.

16. LONG-TERM BONDS

Issue date	Par value	Coupon rate	As at 31 December 2024	As at 31 December 2023	Effective interest rate
26 July 2021 (a)	US$59.5 million	8.75%	**442,779**	451,732	8.91%
26 July 2021 (a)	US$1.0 million	8.75%	**11,042**	365,742	10.25%
Subtotal			**453,821**	817,474	
Less: Current portion			**(453,821)**	(29,959)	
			-	787,515	

Note:

(a) The Company issued US$150 million senior notes with the coupon rate of 8.75% at discount of par value on 26 July 2021, of which US$61.9 million were arranged to exchange the senior notes issued in prior years. Subsequently US$32.7 million, US$5.0 million and US$51.8 million were repurchased in 2022, 2023 and 2024 respectively. The notes mature in 3.5 years from the issue date at their nominal value. Interest is payable on a semi-annually basis. As at 31 December 2024, interest payable amounted to approximately RMB16.8 million (31 December 2023: RMB30.0 million).

At 24 January 2025, the outstanding amount of the senior notes were repaid upon maturity.

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

17. BORROWINGS

	As at 31 December			
	2024 Amount	**2024 Interest Rate**	2023 Amount	2023 Interest Rate
Long-term borrowings				
– Secured or guaranteed				
– RMB denominated (a)	**621,171**	**3.20%-6.85%**	438,180	3.20%-6.85%
Less: Current portion	**(177,735)**		(97,262)	
	443,436		340,918	
Short-term bank borrowings				
– Unsecured and unguaranteed				
– RMB denominated	**316,597**	**3.45%-5.30%**	224,605	3.70%-4.95%
– Secured or guaranteed				
– RMB denominated (a)	**1,048,397**	**3.10%-5.50%**	961,505	3.45%-6.00%
	1,364,994		1,186,110	

	As at 31 December	
	2024	2023
The carrying amounts of the above borrowings are repayable:		
– Within one year	**1,542,729**	1,283,372
– More than one year but not exceeding two years	**350,260**	217,586
– More than two years but not exceeding five years	**93,176**	123,332
	1,986,165	1,624,290
Less: Amount due for settlement within one year and shown under current liabilities	**(1,542,729)**	(1,283,372)
Amount due after one year	**443,436**	340,918

The exposure of the Group's borrowings are as follows:

	As at 31 December	
	2024	2023
Fixed-rate borrowings	**1,898,500**	1,530,037
Variable-rate borrowings	**87,665**	94,253
	1,986,165	1,624,290

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

17. BORROWINGS *(Continued)*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended 31 December	
	2024	2023
Effective interest rate:		
Fixed-rate borrowings	**3.10%-6.50%**	3.45%-6.50%
Variable-rate borrowings	**3.20%-6.85%**	3.20%-6.85%

Notes:

(a) As at 31 December 2024, secured long-term bank borrowings of RMB94,679,000 (31 December 2023: RMB95,257,000) were secured by the Group's buildings with a carrying value of RMB79,265,000 (31 December 2023: RMB82,591,000) (Note 6) and right-of-use assets (leasehold lands) with a carrying value of RMB5,343,000 (31 December 2023: RMB5,512,000) respectively (Note 7).

As at 31 December 2024, long-term bank borrowings of RMB41,077,000 (31 December 2023: RMB47,127,000) and short-term bank borrowings of RMB50,094,000 (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 31 December 2024, secured long-term bank borrowings of RMB399,253,000 (31 December 2023: RMB266,718,000) and short-term bank borrowings of RMB181,342,000 (31 December 2023: RMB154,416,000) were secured by the Group's trade receivables amounting to RMB580,595,000 (31 December 2023: RMB421,134,000) (Note 11(c)).

As at 31 December 2024, long-term bank borrowings of RMB86,162,000 (31 December 2023: RMB29,078,000) and short-term bank borrowings of RMB797,925,000 (31 December 2023: RMB693,784,000) were guaranteed by Mr. Luo Lin, the Company's ultimate controlling shareholder (Note 34(b)).

As at 31 December 2024, short-term bank borrowings of RMB19,036,000 (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 13(a)).

(b) As at 31 December 2024, the undrawn bank borrowing facilities of the Group of approximately RMB1,315 million (31 December 2023: RMB977 million), with maturity dates up to 31 October 2027 (31 December 2023: 8 October 2026), were unsecured (31 December 2023: unsecured).

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

18. LEASE LIABILITIES

	As at 31 December 2024	As at 31 December 2023
Lease liabilities payable:		
Within one year	**9,095**	12,720
One to two years	**6,080**	8,425
Two to five years	**9,157**	14,955
	24,332	36,100
Less: Amount due for settlement with 12 months shown under current liabilities	**(9,095)**	(12,720)
Amount due for settlement after 12 months shown under non-current liabilities	**15,237**	23,380

19. TRADE AND NOTES PAYABLES

	As at 31 December	
	2024	2023
Trade payables	**717,567**	660,944
Trade payables under supplier finance arrangements (Note)	**330,673**	283,144
Notes payable	**911,020**	875,836
	1,959,260	1,819,924

Note:

In order to ensure easy access to credit for its suppliers and facilitate the settlement, the Group has entered into supplier finance arrangements that permit certain suppliers to obtain payment from the banks in China. The arrangement permits the banks to early settle invoices with some costs borne by the suppliers. The Group repays the banks the full invoice amounts on the scheduled payment dates as agreed in the arrangements. As the arrangements do not permit the Group to extend finance from the banks by paying the banks later than the Group would have paid its suppliers, the Group considers amounts payable to the banks should be classified as trade payables.

Payment due dates for the liabilities that are part of supplier finance arrangements are from 180 to 360 days, consistent with the comparable trade payables that are not part of supplier finance arrangements.

Ageing analysis of trade and notes payables (including supplier finance arrangements) at the reporting date was as follows:

	As at 31 December	
	2024	2023
Less than 1 year	**1,834,510**	1,669,508
1 – 2 years	**56,278**	58,141
2 – 3 years	**15,733**	25,476
Over 3 years	**52,739**	66,799
	1,959,260	1,819,924

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

19. TRADE AND NOTES PAYABLES *(Continued)*

Trade and notes payables were denominated in the following currencies:

	As at 31 December	
	2024	2023
RMB	**1,773,889**	1,658,986
US$	**178,933**	153,215
Others	**6,438**	7,723
	1,959,260	1,819,924

20. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
Payroll and welfare payables	**78,849**	70,821
Taxes other than income taxes payable	**32,893**	57,769
Payables to equipment venders	**223,531**	231,451
Liabilities arising from put option of non-controlling interest (Note)	**50,730**	276,503
Others (Note 12(b))	**1,326,206**	1,081,205
	1,712,209	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 the year ended 31 December 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.

Pursuant to the above-mentioned signed agreements, all of the investors (including the First Round Investors and the Second Round Investors) have the right to request the Company to repurchase the corresponding equity interest at the original price with a premium, if T-ALL Inspection failed to fulfil the profit and other commitments, as prescribed in the agreement. Therefore, the considerations received were recognised as financial liabilities, and debited to other reserves.

In current year, certain investors requested the Company to repurchase a total of 15.55% equity interest in T-ALL Inspection at the original investment price with the premium mentioned in the agreement. The Group paid the consideration of RMB210,380,000 and the premium of RMB39,225,000. The premium charged to the consolidated statement of profit or loss in the current year was RMB23,832,000 (2023: RMB23,693,000).

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

21. REVENUE

	Year ended 31 December	
	2024	2023
Sales of goods	**263,830**	271,827
Provision of services	**4,343,596**	3,998,123
	4,607,426	4,269,950
Rental	**146,508**	164,848
	4,753,934	4,434,798

(i) Disaggregation of revenue

	For the year ended 31 December 2024			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	263,830	-	-	-
Provision of services	1,715,599	1,848,066	358,891	421,040
Total	1,979,429	1,848,066	358,891	421,040
Geographical markets				
PRC	1,024,610	11,475	127,520	352,764
Iraq	723,490	1,632,470	208,259	37,169
Other countries	231,329	204,121	23,112	31,107
Total	1,979,429	1,848,066	358,891	421,040
Timing of revenue recognition				
A point in time	1,979,429	-	358,891	421,040
Over time	-	1,848,066	-	-
Total	1,979,429	1,848,066	358,891	421,040

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

21. REVENUE *(Continued)*

(i) Disaggregation of revenue *(Continued)*

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

	For the year ended 31 December 2024			
	Oilfield technical services	**Oilfield management services**	**Drilling rig services**	**Inspection services**
Revenue disclosed in segment information				
External customers (Note 5)	**2,125,937**	**1,848,066**	**358,891**	**421,040**
Rental income	**(146,508)**	**-**	**-**	**-**
Revenue from contracts with customers	**1,979,429**	**1,848,066**	**358,891**	**421,040**

	For the year ended 31 December 2023			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	271,827	–	–	–
Provision of services	1,584,938	1,617,860	349,401	445,924
Total	1,856,765	1,617,860	349,401	445,924
Geographical markets				
PRC	1,064,607	7,933	133,392	375,950
Iraq	575,542	1,390,905	214,375	30,049
Other countries	216,616	219,022	1,634	39,925
Total	1,856,765	1,617,860	349,401	445,924
Timing of revenue recognition				
A point in time	1,856,765	–	349,401	445,924
Over time	–	1,617,860	–	–
Total	1,856,765	1,617,860	349,401	445,924

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

21. REVENUE *(Continued)*

(i) Disaggregation of revenue *(Continued)*

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

	For the year ended 31 December 2023			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers (Note 5)	2,021,613	1,617,860	349,401	445,924
Rental income	(164,848)	–	–	–
Revenue from contracts with customers	1,856,765	1,617,860	349,401	445,924

(ii) Performance obligations for contracts with customers

a. Provision of oilfield technical services, drilling rig services, and inspection services

The Group provides oilfield technical services, drilling rig services, and inspection services to customers like large multinational and state-owned oil companies.

Such services are each recognised as a performance obligation in different stages of a contract, with transaction price allocated to the different and separate performance obligations on a relative stand-alone price basis. Revenue will be recognised for each of these performance obligations when control over the corresponding services is transferred to the customer. Since the services are expected to meet certain specified technological criteria which are not simply based on size and weight characteristics, the Group cannot objectively determine that the services provided to the customer are in accordance with the agreed-upon specifications in the contract and then the Group would not be able to conclude that the customer has obtained control until it receives the customer's acceptance. Therefore, the revenue from oilfield technical services, drilling rig services, and inspection services is recognised at a point when the customer acceptance is concluded.

The Group's contracts for such services include the Group's entitlement to payment which requires customer acceptance.

21. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers *(Continued)*

a. Provision of oilfield technical services, drilling rig services, and inspection services *(Continued)*

The contract assets (retention money receivables from large multinational and state-owned oil companies), net of contract liabilities related to the same contract, primarily relate to the Group's right to consideration for services completed and not billed because the rights are conditioned on the Group's achieving specified milestones as stipulated in the contracts at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically agrees to a one-year retention period for 5% of the transaction price for certain customers like some large multinational and state-owned oil companies. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on achieving specified milestones as stipulated in the contracts. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle. The Group typically bills the retention money receivables in one year after the completion of relevant services when trade receivables will be recognised.

b. Provision of oilfield management services

The Group provides oilfield management services which include oilfield-related operation and maintenance services to customers.

Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits during the course of operation and maintenance services provided by the Group based on the fact that these services are routine with no complicated processes involved and customer acceptance is a formality. Revenue from these services is recognised based on hours and unit labour cost using output method.

Payment of the transaction price will be settled monthly over the period of service.

c. Sales of oilfield-related goods

The Group sells oilfield-related goods, such as drilling tools, tubing and casing to customers.

Since the goods are not self-manufactured and the Group is not entitled to payment until the customer receives and accepts the goods, revenue is recognised at a point when control over the corresponding goods is transferred to the customer.

The Group's contracts for such sales of goods include payment in the normal credit term granted to customers.

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

21. REVENUE *(Continued)*

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	PRC	**Iraq**	**Other countries**
Within one year	**4,178,581**	**1,971,992**	**424,717**
More than one year but not more than two years	**1,987,718**	**1,221,282**	**165,948**
More than two years	**313,566**	**1,276,604**	**73,742**
	6,479,865	**4,469,878**	**664,407**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	PRC	Iraq	Other countries
Within one year	1,412,940	1,527,253	212,691
More than one year but not more than two years	459,317	634,001	39,915
More than two years	–	305,932	24,830
	1,872,257	2,467,186	277,436

(iv) Leases

	Year ended 31 December 2024	Year ended 31 December 2023
For operating leases:		
Lease payments that are fixed	**146,508**	164,848
Total revenue arising from leases	**146,508**	164,848

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

22. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Year ended 31 December	
	2024	2023
Materials and services purchased	**1,798,447**	1,763,122
Staff costs	**1,157,716**	940,106
In which:		
– Salaries and other staff expenses	**1,134,654**	927,152
– Share-based compensation (Note 14)	**23,062**	12,954
Depreciation	**315,201**	344,262
In which:		
– Property, plant and equipment (Note 6)	**292,806**	313,980
– Right-of-use assets (Note 7)	**21,186**	28,789
– Investment properties	**1,209**	1,493
Less: Capitalised in inventories (Note 6) (Note 7)	**(23,949)**	(23,874)
	291,252	320,388
Amortisation of intangible assets	**52,965**	49,886
Less: Capitalised in inventories	**(3,936)**	(3,924)
	49,029	45,962
In which:		
– Cost of sales	**40,071**	37,720
– Administrative expenses	**938**	822
– Selling expenses	**19**	19
– Research and development expenses	**8,001**	7,401
Auditor's remuneration		
– Audit and related services	**6,250**	6,200
– Other services	**600**	300
Other operating expenses	**710,311**	637,531
In which:		
– Impairment of inventories	**6,402**	7,279

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

23. OTHER GAIN OR LOSS, NET

	Year ended 31 December	
	2024	2023
Government grants and subsidies (a)	**8,942**	8,228
(Loss)/gain on disposal of property, plant and equipment	**(1,154)**	1,418
(Loss)/gain on repurchase of long-term bonds	**(7,018)**	1,519
Loss on derecognition of financial assets	**–**	(24,717)
Value added tax preferences	**1,546**	5,905
Others	**(6,989)**	(9,639)
	(4,673)	(17,286)

Note:

(a) Government grants and subsidies of RMB8,942,000 (2023: RMB8,228,000) were received in the current year towards awarding of research and development expenditures.

24. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2024	2023
Impairment losses recognised on:		
– Trade receivables	**52,547**	81,830
– Other receivables	**8,755**	7,989
	61,302	89,819

Details of impairment assessment for the years ended 31 December 2024 and 2023 are set out in Note 33.2(b).

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

25. FINANCE COSTS, NET

	Year ended 31 December	
	2024	2023
Interest expenses		
– on bank borrowings	**(103,292)**	(71,513)
– on bonds	**(52,910)**	(77,699)
– on other financial liabilities (Note 20)	**(23,832)**	(23,693)
– on lease liabilities	**(2,061)**	(3,119)
Exchange gain, net	**11,086**	5,547
Others	**(36,222)**	(51,501)
Finance expenses	**(207,231)**	(221,978)
Interest income	**50,930**	26,849
	(156,301)	(195,129)

26. STAFF COSTS

	Year ended 31 December	
	2024	2023
Wages, salaries and allowances	**1,036,377**	842,387
Housing subsidies (a)	**17,512**	17,341
Contributions to pension plans (b)	**37,185**	36,316
Share-based payment expenses (Note 14)	**23,062**	12,954
Welfare and other expenses	**43,580**	31,108
	1,157,716	940,106

Notes:

(a) Housing subsidies mainly include the Group's contributions to government-sponsored housing funds, at rates ranging from 5% to 12% of the employees' salaries for the Group's Chinese employees in the PRC.

(b) This represents the Group's contributions to defined contribution plans or schemes organised by relevant government authorities or authorised entities in accordance with the requirements in the locations where the Group operates.

During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under those schemes which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2024 and 2023 under the schemes which may be used by the Group to reduce the contribution payable in future years.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

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

26. STAFF COSTS *(Continued)*

Notes: *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2023: three) Directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the other two (2023: two) individuals during the year were as follows:

	Year ended 31 December	
	2024	2023
Basic salaries, housing allowances, other allowances and benefits-in-kind	**7,069**	5,658
Contributions to pension schemes	**133**	126
	7,202	5,784

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emoluments bands		
HK$2,500,001 – HK$3,000,000	**–**	–
HK$3,000,001 – HK$3,500,000	**2**	2
	2	2

(d) During the years ended 31 December 2024 and 2023, no Directors or the five highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of the Directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

27. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
Current income tax		
– PRC enterprise income tax	**26,220**	26,451
– Iraq corporate income tax	**183,603**	155,719
– Others	**53,948**	8,666
Deferred income tax	**(15,632)**	(3,669)
	248,139	187,167

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

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

27. INCOME TAX EXPENSE *(Continued)*

PRC enterprise income tax ("EIT") is provided on the basis of estimated taxable profits of PRC established subsidiaries at applicable tax rate of 25% in 2024 (2023: 25%), based on the relevant PRC tax laws and regulations. Certain subsidiaries have been granted a preferential rate of 15% as high technology enterprises or as enterprises set up in western area of the PRC.

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

The United Arab Emirates ("UAE") corporation tax ("CT") was effective from 1 January 2024 for the entities whose fiscal year ended 31 December 2024. And the CT is provided based on the estimated taxable profits of the subsidiaries established in UAE Dubai at tax rate of 9% in 2024 (2023: nil).

The taxation of the Group's profit before income tax differs from the theoretical amount that would arise using applicable tax rates of the Group companies as follows:

	Year ended 31 December	
	2024	2023
Profit before income tax	**505,643**	407,727
Tax calculated at applicable tax rates	**217,827**	168,673
Expenses not deductible for taxation purposes	**1,964**	1,714
Additional deduction of research and development expense	**(11,513)**	(11,229)
Tax losses and deductible temporary difference for which no deferred income tax was recognised	**43,987**	29,064
Utilisation of unused deductible tax losses previously not recognised as deferred income tax	**(4,719)**	(3,715)
Effect of share of profit of a joint venture	**(8)**	(26)
Effect of share of profit of associates	**(961)**	(500)
Under provision in respect of prior year and others	**1,562**	3,186
	248,139	187,167

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

28. 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 year.

	Year ended 31 December	
	2024	2023
Profit attributable to the owners of the Company	**242,649**	196,513
Weighted average number of ordinary shares in issue (thousands of shares) (Note)	**2,841,221**	2,910,766
Basic earnings per share (expressed in RMB per share)	**0.0854**	0.0675

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

(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 year ended 31 December 2024, 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 years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
Profit attributable to the owners of the Company	**242,649**	196,513
Weighted average number of ordinary shares in issue (thousands of shares)	**2,841,221**	2,910,766
Adjustments for the effect of restricted share award scheme (thousands of shares)	**58,972**	39,795
Weighted average number of ordinary shares for computation of diluted earnings per share (thousands of shares)	**2,900,193**	2,950,561
Diluted earnings per share (expressed in RMB per share)	**0.0837**	0.0666

29. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.025 (2023: RMB0.013) per ordinary share, in an aggregate amount of RMB73,000,000 (2023: RMB39,019,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

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

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the year to net cash inflows generated from operations:

	Year ended 31 December	
	2024	2023
Profit for the year	**257,504**	220,560
Adjustments for:		
Property, plant and equipment		
– Depreciation charge	**271,215**	292,457
– Loss/(gains) on disposals	**1,154**	(1,418)
Loss/(gains) on repurchase of long-term bonds	**7,018**	(1,519)
Depreciation of right-of-use assets	**18,828**	26,438
Amortisation of intangible assets	**49,029**	45,962
Depreciation of investment properties	**1,209**	1,493
Addition of impairment of receivables	**61,302**	89,819
Addition of impairment of inventories	**6,402**	7,279
Loss on fair value changes of financial assets at FVTPL	**4,964**	–
Share-based payments expenses	**23,062**	12,954
Share of profit of a joint venture	**(52)**	(171)
Share of profit of associates	**(4,123)**	(1,999)
Net foreign exchange gain	**(11,086)**	(5,547)
Interest income	**(50,930)**	(26,849)
Interest expenses	**182,095**	176,024
Income tax expense	**248,139**	187,167
Operating cash flows before movements in working capital	**1,065,730**	1,022,650
Changes in working capital:		
– Inventories	**133,526**	16,348
– Trade and notes receivables	**81,416**	(548,769)
– Contract assets	**(2,130)**	(2,242)
– Prepayments and other receivables and value-added tax recoverable	**(277,306)**	(695,151)
– Trade and notes payables	**82,594**	362,850
– Accruals and other payables	**218,344**	847,858
– Contract liabilities	**26,285**	56,519
– Restricted bank deposits	**112,025**	(36,207)
Net cash inflows from operations	**1,440,484**	1,023,856

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

31. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's assets and liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings Note 17	Long-term bonds Note 16	Accruals and other payables Note 20	Prepayments and other receivables Note 12	Restricted bank deposits Note 13	Lease liabilities Note 18	Total
As at 1 January 2024	**1,624,290**	**817,474**	**276,503**	**-**	**(20,000)**	**36,100**	**2,734,367**
Financing cash flows	**258,583**	**(430,783)**	**(249,605)**	**-**	**-**	**(15,406)**	**(437,211)**
New leases entered	**-**	**-**	**-**	**-**	**-**	**1,577**	**1,577**
Currency translation differences	**-**	**7,202**	**-**	**-**	**-**	**-**	**7,202**
Interest expenses	**103,292**	**52,910**	**23,832**	**-**	**-**	**2,061**	**182,095**
Loss on repurchase of long-term bonds	**-**	**7,018**	**-**	**-**	**-**	**-**	**7,018**
As at 31 December 2024	**1,986,165**	**453,821**	**50,730**	**-**	**(20,000)**	**24,332**	**2,495,048**

	Borrowings Note 17	Long-term bonds Note 16	Accruals and other payables Note 20	Prepayments and other receivables Note 12	Restricted bank deposits Note 13	Lease liabilities Note 18	Total
As at 1 January 2023	1,235,462	832,606	155,280	(11,245)	(51,825)	49,014	2,209,292
Financing cash flows	317,315	(104,968)	97,530	(68,621)	31,825	(25,755)	247,326
Acquisition of non-controlling interests in a subsidiary	–	–	–	79,866	–	–	79,866
New leases entered	–	–	–	–	–	9,722	9,722
Currency translation differences	-	13,656	–	–	–	–	13,656
Interest expenses	71,513	77,699	23,693	–	–	3,119	176,024
Gains on repurchase of long-term bonds	–	(1,519)	–	–	–	–	(1,519)
As at 31 December 2023	1,624,290	817,474	276,503	–	(20,000)	36,100	2,734,367

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

32. COMMITMENTS

Capital commitments

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

	As at 31 December	
	2024	2023
Contracted but not provided for	**48,255**	55,745

33. FINANCIAL RISK MANAGEMENT

33.1 Categories of financial instruments

	As at 31 December	
	2024	2023
Financial assets		
Amortised cost		
– Cash and cash equivalents	**2,190,759**	1,582,995
– Restricted bank deposits	**370,354**	482,379
– Included in trade and notes receivables	**2,295,288**	2,255,971
– Included in prepayments and other receivables	**1,593,168**	1,408,013
Fair value through other comprehensive income		
– Notes receivable	**33,399**	185,064
Fair value through profit or loss		
– Financial assets at FVTPL	**86,346**	91,310
	6,569,314	6,005,732

	As at 31 December	
	2024	2023
Financial liabilities		
Amortised cost		
– Trade and notes payables	**1,959,260**	1,819,924
– Included in accruals and other payables	**1,600,467**	1,589,159
– Borrowings	**1,986,165**	1,624,290
– Long-term bonds	**453,821**	817,474
	5,999,713	5,850,847

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses non-derivative financial instruments (US$ denominated long-term bonds) (Note 15(b)) to hedge certain foreign currency risk exposure.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB, while the Group also has purchases from and sales to overseas parties. During the year ended 31 December 2024, the Group developed its businesses overseas with most of the transactions denominated and settled in US$. Foreign exchange risk also arises from certain bank deposits and long-term bonds denominated in US$. The Group is exposed to foreign currency exchange risk primarily with respect to US$.

As at 31 December 2024, if RMB had strengthened/weakened by 3% against the US$ with all other variables held constant, profit after income tax (2023: profit after income tax) for the year would have been RMB2,617,000 lower/higher (2023: RMB596,000 lower/higher) and equity reserves would have been RMB319,408,000 lower/higher(2023: RMB183,936,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of US$-denominated cash and bank, trade and other receivables, trade and other payables, long-term bonds and net investment hedge of foreign operations.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term bonds, long-term borrowings, short-term borrowings and lease liabilities. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Long-term bonds, long-term borrowings and lease liabilities obtained at fixed rates expose the Group to fair value interest rate risk.

Based on the balance of floating interest borrowings as at 31 December 2024, if interest rates on these borrowings for the year had been higher/lower by 100 basis points, profit before income tax for the year would have been RMB877,000 (2023: RMB943,000) lower/higher.

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment

As at 31 December 2024, the maximum exposure to credit risk of the Group is the carrying value of financial assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables, contract assets and other receivables

The Group has policies in place to ensure that sales of products and services and other transactions are made to customers or counterparties with an appropriate credit history after internal approvals and follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables, contract assets and other receivables individually or based on provision matrix. In the regards, the Directors consider that the Group's credit risk is significantly reduced and are of the opinion that adequate provision for uncollectible receivables has been made in the consolidated financial statements.

A considerable portion of sales were made to several major oilfield operators of the PRC and their affiliates, which are state-owned entities with good credit reputation, therefore the trade receivables of the Group had concentration risk (Note 5).

Notes receivable, restricted bank deposits and deposits in bank

The credit risks on notes receivable, restricted bank deposits and deposits in bank are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group performs impairment assessment under 12m ECL model on notes receivable, restricted bank deposits and deposits in bank. The Directors does not expect any losses from non-performance by these counterparties.

Most of the Group's restricted bank deposits and deposits in bank were placed with state-owned banks in the PRC and Hong Kong, the relevant credit risk is relatively low.

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Notes receivable, restricted bank deposits and deposits in bank *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets (including trade receivables from goods and services, notes receivable, other receivables, restricted bank deposits and deposits in bank), and other items (lease receivables and contract assets) which are subject to ECL assessment:

2024	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount
Financial assets at amortised cost					
Trade receivables – goods and services	11	N/A	Note (i)	Lifetime ECL (provision matrix)	**758,732**
				Lifetime ECL (individually, not credit-impaired)	**1,562,661**
				Lifetime ECL (individually, credit-impaired)	**234,972**
Other receivables	12	N/A	Note (ii)	12m ECL	**1,579,502**
				Lifetime ECL (not credit-impaired)	**18,052**
				Lifetime ECL (credit-impaired)	**63,437**
Restricted bank deposits	13	A1	Note (iii)	12m ECL	**370,354**
Deposits in bank	13	A1	Note (iii)	12m ECL	**2,188,080**
Financial assets at FVTOCI					
Notes receivable	11	A1	Note (iii)	12m ECL	**33,399**
Other items					
Contract assets – goods and services		N/A	Note (i)	Lifetime ECL (individually, not credit-impaired)	**26,858**
Lease receivables – operating leases	11	N/A	Note (i)	Lifetime ECL (individually, not credit-impaired)	**105,780**

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Notes receivable, restricted bank deposits and deposits in bank *(Continued)*

2023	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount
Financial assets at amortised cost					
Trade receivables – goods and services	11	N/A	Note (i)	Lifetime ECL (provision matrix)	662,178
				Lifetime ECL (individually, not credit-impaired)	1,609,250
				Lifetime ECL (individually, credit-impaired)	235,038
Other receivables	12	N/A	Note (ii)	12m ECL	1,408,013
				Lifetime ECL (credit-impaired)	59,068
Restricted bank deposits	13	A1	Note (iii)	12m ECL	482,379
Deposits in bank	13	A1	Note (iii)	12m ECL	1,582,995
Financial assets at FVTOCI					
Notes receivable	11	A1	Note (iii)	12m ECL	185,064
Other items					
Contract assets – goods and services	21(ii)(a)	N/A	Note (i)	Lifetime ECL (individually, not credit-impaired)	24,728
Lease receivables – operating leases	11	N/A	Note (i)	Lifetime ECL (individually, not credit-impaired)	63,815

Notes:

(i) Trade receivables and contract assets from goods and services and lease receivables

For trade receivables and contract assets from goods and services and lease receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances from large multinational and state-owned oil companies or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Notes receivable, restricted bank deposits and deposits in bank *(Continued)*

Notes: *(Continued)*

(i) Trade receivables and contract assets from goods and services and lease receivables *(Continued)*

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for part of its customers in relation to its oilfield technology services, oilfield related operation and maintenance services and sales of oilfield-related goods operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables from goods and services from private and relatively small customers which are assessed based on provision matrix as at 31 December 2024 within lifetime ECL (not credit impaired). Trade receivables from goods and services with significant outstanding balances from large multinational and state-owned oil companies and credit impaired with gross carrying amounts of RMB1,562,661,000 (2023:RMB1,609,250,000) and RMB234,972,000 (2023: RMB235,038,000) respectively as at 31 December 2024 were assessed individually.

Trade receivables from goods and services from private and relatively small customers

31/12/2024

	Average loss rate	Gross carrying amount	Impairment loss allowance
Current (not past due)	**8.38%**	**622,510**	**52,165**
Within 1 year past due	**50.99%**	**94,254**	**48,056**
1-2 years past due	**72.89%**	**41,968**	**30,589**
		758,732	**130,810**

31/12/2023

	Average loss rate	Gross carrying amount	Impairment loss allowance
Current (not past due)	6.63%	571,486	37,889
Within 1 year past due	33.45%	60,994	20,400
1-2 years past due	64.48%	29,698	19,150
		662,178	77,439

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Notes receivable, restricted bank deposits and deposits in bank *(Continued)*

Notes: *(Continued)*

(i) Trade receivables and contract assets from goods and services and lease receivables *(Continued)*

During the year ended 31 December 2024, the Group provided RMB73,620,000 (2023: RMB45,692,000) impairment allowance for trade receivables from goods and services from private and relatively small customers based on the provision matrix. Impairment allowance of Nil (2023: allowance of Nil) were made on trade receivables from goods and services with significant balances from large multinational and state-owned oil companies. Impairment reverse of RMB21,073,000 (2023: Impairment allowance of RMB36,138,000) were made on credit impaired debtors.

For contract assets (the retention money receivables) and lease receivables which are arising from large multinational and state-owned oil companies, the Group performed impairment assessment and conclude that the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided.

The following table shows the movements in lifetime ECL that has been recognised for trade receivables from goods and services under the simplified approach:

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	74,411	191,022	265,433
Changes due to financial instruments recognised as at 1 January 2023:			
– Impairment losses recognised, net of reversal	45,692	36,138	81,830
– Transfer to credit-impaired	(40,831)	40,831	–
– Write-off	–	(32,953)	(32,953)
As at 31 December 2023	79,272	235,038	314,310
Changes due to financial instruments recognised as at 1 January 2024:			
– Impairment losses recognised, net of reversal	**20,153**	**(21,073)**	**(920)**
– Transfer to credit-impaired	**(21,007)**	**21,007**	**-**
New financial assets originated	**53,467**	**-**	**53,467**
As at 31 December 2024	**131,885**	**234,972**	**366,857**

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Notes receivable, restricted bank deposits and deposits in bank *(Continued)*

Notes: *(Continued)*

(ii) Other receivables

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due	Not past due/ No fixed repayment terms	Total
31/12/2024			
Other receivables	**81,489**	**1,579,502**	**1,660,991**
31/12/2023			
Other receivables	59,068	1,408,013	1,467,081

The following tables show reconciliation of loss allowances that has been recognised for other receivables:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at 1 January 2023	–	–	51,079	51,079
– Impairment losses recognised, net of reversal	–	–	7,989	7,989
As at 31 December 2023	–	–	59,068	59,068
– Impairment losses recognised, net of reversal	–	4,386	4,369	8,755
As at 31 December 2024	**-**	**4,386**	**63,437**	**67,823**

(iii) Notes receivable, restricted bank deposits and deposits in bank

At the end of the reporting period, the Directors have performed impairment assessment under 12m ECL model for notes receivable, restricted bank deposits, and deposits in bank, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are banks with high credit ratings assigned by international credit-rating agencies, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(c) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, which is generated primarily from operating and financing activities.

The table below analyses the Group's financial liabilities and lease liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the financial period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31/12/2024

	Weighted average interest rate	On demand or less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
Non-derivative financial liabilities					
Trade and notes payables	-	1,959,260	-	1,959,260	1,959,260
Included in accruals and other payables					
– liabilities arising from put option of non-controlling interest	10.000%	50,730	-	50,730	50,730
– others	-	1,549,737	-	1,549,737	1,549,737
Lease liabilities	6.608%	9,533	19,514	29,047	24,332
Short-term borrowings	4.135%	1,390,866	-	1,390,866	1,364,994
Long-term borrowings	5.590%	202,621	461,485	664,106	621,171
Long-term bonds	8.940%	476,064	-	476,064	453,821
		5,638,811	480,999	6,119,810	6,024,045

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.2 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

31/12/2023

	Weighted average interest rate	On demand or less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
Non-derivative financial liabilities					
Trade and notes payables	–	1,819,924	–	1,819,924	1,819,924
Included in accruals and other payables					
– liabilities arising from put option of non-controlling interest	10.000%	276,503	–	276,503	276,503
– others	–	1,312,656	–	1,312,656	1,312,656
Lease liabilities	6.655%	14,714	28,184	42,898	36,100
Short-term borrowings	4.371%	1,213,096	–	1,213,096	1,186,110
Long-term borrowings	5.632%	123,992	358,927	482,919	438,180
Long-term bonds	9.510%	99,540	830,008	929,548	817,474
		4,860,425	1,217,119	6,077,544	5,886,947

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. Only small portion of the Group's trade payables is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in Note 19.

33.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include borrowings, bonds, lease liabilities and trade and notes payables, as shown in the consolidated statement of financial position. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus total borrowings.

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.3 Capital risk management *(Continued)*

The gearing ratios at 31 December 2024 and 2023 were as follows:

	As at 31 December	
	2024	2023
Total borrowings	**4,423,578**	4,297,788
Total equity	**3,608,340**	3,420,886
Total capital	**8,031,918**	7,718,674
Gearing ratio	**55%**	56%

33.4 Fair value 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 instruments	Fair value as at 31 December 2024	Fair value hierarchy	Valuation technique and key input	Significant unobservable input
Notes receivable	**33,399,000**	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	**56,346,000**	Level 1	Quoted prices in active markets	N/A

Note:

As at 31 December 2024, the financial assets at FVTPL represent the Group's investment in an unlisted partnership entity set up in 2022.

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

33. FINANCIAL RISK MANAGEMENT *(Continued)*

33.4 Fair value estimation (Continued)

Reconciliation of Level 3 fair value measurements

	Notes Receivable	Financial assets at FVTPL
As at 1 January 2024	**185,064**	**30,000**
Additions	**532,031**	**-**
Derecognition	**(684,950)**	**-**
Fair value change recognised in other comprehensive income	**1,254**	**-**
As at 31 December 2024	**33,399**	**30,000**

Included in other comprehensive income is an amount of RMB141,000 loss related to notes receivable at FVTOCI held at the end of current reporting period (31 December 2023: RMB1,395,000).

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 31 December 2024	Carrying value	Fair value
Long-term bonds	**453,821**	**454,316**

As at 31 December 2023	Carrying value	Fair value
Long-term bonds	817,474	757,782

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

34. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, 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 party is related party of the Group during the year ended 31 December 2024:

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

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

	As at 31 December	
	2024	2023
Long-term borrowings		
Mr. Luo Lin (Note 17(a))	**86,162**	29,078
Short-term borrowings		
Mr. Luo Lin (Note 17(a))	**797,925**	693,784

(c) Key management compensation

	Year ended 31 December	
	2024	2023
Salaries and other short-term employee benefits	**20,311**	18,128
Pension scheme	**332**	311
Share-based payments	**6,686**	3,765
	27,329	22,204

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

35. SUBSIDIARIES

The following is a list of principal subsidiaries in which the Company directly or indirectly holds equity interests as at 31 December 2024 and 2023:

Company names	Place and date of incorporation/ establishment	Registered capital	Equity interest and voting power held by the Group	Principal place of operations	Principal activities
Directly held:					
Anton Limited	Hong Kong, 17 August 2007	HK$100	100%	PRC	Investment holding
Indirectly held:					
Anton Oilfield Services Company International Limited	Hong Kong, 17 July 2008	HK$100	100%	PRC	Investment holding
Anton Oilfield Services (Group) Ltd. (安東石油技術 (集團) 有限公司)	Beijing, the PRC, 28 January 2002	US$248,029,000	100%	PRC	Oilfield services and sales of equipment
T-ALL Inspection (通奧檢測集團股份有限公司, (formerly新疆通奧油田技術服務有限公司)	Xinjiang Uygur Autonomous Region, the PRC, 21 February 2002	RMB239,816,318	81%	PRC	Oilfield services
Anton Tong'ao Technological Products Co., Limited (安東通奧科技產業股份有限公司)	Xinjiang Uygur Autonomous Region, the PRC, 15 December 2005	RMB90,000,000	90%	PRC	Lease of drilling rigs and rods
Shandong Precede	Shandong Province, the PRC, 2 September 2008	RMB100,000,000	100%	PRC	Oilfield services and sales of equipment
Anton International FZE	The United Arab Emirates, 12 April 2009	US$7,300,000	100%	Iraq	Oilfield services
Sichuan Anton Oil Gas Engineering and Technology Services Co., Ltd. (四川安東油氣工程技術服務有限公司)	Sichuan Province, the PRC, 14 July 2009	RMB400,000,000	100%	PRC	Oilfield services and sales of equipment

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

35. SUBSIDIARIES *(Continued)*

The following is a list of principal subsidiaries in which the Company directly or indirectly holds equity interests as at 31 December 2024 and 2023: *(Continued)*

Company names	Place and date of incorporation/ establishment	Registered capital	Equity interest and voting power held by the Group	Principal place of operations	Principal activities
Anton Oilfield Services DMCC	The United Arab Emirates, 28 March 2011	US$54,462,150	100%	Iraq	Oilfield services
Sichuan Tongsheng Drilling Technology Co., Ltd. (四川通盛鑽探工程有限公司)	Sichuan Province, the PRC, 13 February 2012	RMB100,000,000	100%	PRC	Drilling services
Xinjiang Anton Oilfield Services Co., Ltd. (新疆安東石油技術服務有限責任公司)	Xinjiang Uygur Autonomous Region, the PRC, 24 February 2012	RMB80,000,000	100%	PRC	Oilfield services
Antonoil Services DMCC	The United Arab Emirates, 24 January 2017	US$109,040	100%	Republic of Chad	Oilfield services

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

All subsidiaries incorporated in the PRC are companies with limited liability under PRC law.

As at 31 December 2024, in the opinion of the Directors, there are no material non-controlling interests need to be disclosed.

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

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2024	2023
Assets		
Non-current asset		
Investments in subsidiaries	**4,979,725**	4,979,725
Current assets		
Prepayments and other receivables	**104,483**	231,010
Cash and cash equivalents	**2,115**	1,213
	106,598	232,223
Total assets	**5,086,323**	5,211,948
Equity and liabilities		
Equity		
Share capital	**272,152**	276,274
Other reserves (a)	**2,296,106**	2,472,325
Total equity	**2,568,258**	2,748,599
Liabilities		
Non-current liability		
Long-term bonds	**-**	787,515
Current liabilities		
Current portion of long-term bonds	**453,821**	29,959
Accruals and other payables	**2,064,244**	1,645,875
	2,518,065	1,675,834
Total liabilities	**2,518,065**	2,463,349
Total equity and liabilities	**5,086,323**	5,211,948

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

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Note:

(a) Reserve movements of the Company

	Treasury shares	Share premium	Capital reserve	Accumulated losses	Total
Balance at 1 January 2023	(33,459)	1,049,578	3,110,686	(1,517,757)	2,609,048
Loss for the year	–	–	–	(114,177)	(114,177)
Repurchase of ordinary shares	(35,500)	–	–	–	(35,500)
Share option scheme and restricted share award scheme	–	–	12,954	–	12,954
Vesting of shares under restricted share award scheme	18,532	–	(18,532)	–	–
At 31 December 2023	(50,427)	1,049,578	3,105,108	(1,631,934)	2,472,325
Balance at 1 January 2024	**(50,427)**	**1,049,578**	**3,105,108**	**(1,631,934)**	**2,472,325**
Loss for the year	**-**	**-**	**-**	**(96,306)**	**(96,306)**
Repurchase of ordinary shares	**(68,078)**	**-**	**-**	**-**	**(68,078)**
Cancellation of shares repurchased	**24,010**	**(19,888)**	**-**	**-**	**4,122**
Restricted share award scheme	**-**	**-**	**23,062**	**-**	**23,062**
Vesting of shares under restricted share award scheme	**20,461**	**-**	**(20,461)**	**-**	**-**
Dividends relating to 2023 final	**-**	**-**	**-**	**(39,019)**	**(39,019)**
At 31 December 2024	**(74,034)**	**1,029,690**	**3,107,709**	**(1,767,259)**	**2,296,106**

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

37. BENEFITS AND INTERESTS OF DIRECTORS

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2024:

Names	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits (i)	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
Executive Directors									
Mr. Luo Lin	-	2,679	2,070	-	93	66	-	-	4,908
Mr. Pi Zhifeng (chief executive)	-	2,147	611	-	93	66	-	-	2,917
Mr. Fan Yonghong	-	2,995	889	-	93	66	-	-	4,043
Non-executive Director									
Mr. Huang Song	-	287	-	-	-	-	-	-	287
Independent Non-executive Directors									
Mr. Zhang Yongyi (ii)	287	-	-	-	-	-	-	-	287
Mr. Zhu Xiaoping (ii)	287	-	-	-	-	-	-	-	287
Dato Wee Yiaw Hin (ii)	712	-	-	-	-	-	-	-	712

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

37. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive is set out below: *(Continued)*

For the year ended 31 December 2023:

Names	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits (i)	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
Executive Directors									
Mr. Luo Lin	-	4,212	1,030	-	89	63	-	-	5,394
Mr. Pi Zhifeng (chief executive)	-	1,910	254	-	82	58	-	-	2,304
Mr. Fan Yonghong	-	2,791	449	-	89	63	-	-	3,392
Non-executive Director									
Mr. Huang Song	-	287	-	-	-	-	-	-	287
Independent Non-executive Directors									
Mr. Zhang Yongyi (ii)	287	-	-	-	-	-	-	-	287
Mr. Zhu Xiaoping (ii)	287	-	-	-	-	-	-	-	287
Dato Wee Yiaw Hin (ii)	705	-	-	-	-	-	-	-	705

Notes:

(i) Other benefits include other insurance premium.

(ii) During the year ended 31 December 2024, 8,100,000 restricted shares in total with the fair value of HK$0.410 to HK$0.590 per share have been conditionally granted to three independent non-executive directors, and the total expense recognised in the consolidated statement of profit or loss for the year ended 31 December 2024 amounted to RMB606,000 (2023: RMB266,000), the same amount for each independent non-executive director which are not included in the above tables.

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

38. ACQUISITION OF A SUBSIDIARY

On 1 January 2024, the Group acquired a 60% interest in Beijing Stimlab Oil & Gas Technology Co., Ltd ("Stimlab"). The acquisition has been accounted for as acquisition of business using the acquisition method.

The amount of consideration transferred from the Group was RMB10,354,000 in cash. And the cash and cash equivalents balances acquired was RMB5,711,000. Therefore, the net cash outflow on acquisition of Stimlab was RMB4,643,000.

Acquisition-related costs amounting to RMB343,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	3,615
Inventories	1,215
Trade and other receivables	18,584
Cash and cash equivalents	5,711
Trade and other payable	(11,867)
	17,258

The non-controlling interests (40%) in Stimlab recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Stimlab and amounted to RMB6,903,000. There was no goodwill arose in this acquisition.

Included in the profit for the year is RMB2,342,000 attributable to the additional business of oil and gas related research and development services generated by Stimlab. Revenue for the year includes RMB11,842,000 generated from Stimlab. There was no other significant impact of the acquisition on the results of the Group.