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ANTON 安東

安東油田服務集團

Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

Announcement

Operational Update on the Fourth Quarter of 2020 and Outlook for the First Quarter of 2021

The board of directors (the “**Board**”) of Anton Oilfield Services Group (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the operational update and order backlog for the three months from 1 October to 31 December 2020 (the “**Quarter**”).

OPERATIONAL OVERVIEW OF THE FOURTH QUARTER OF 2020

During the Quarter, strict and regular pandemic prevention and control were maintained in China. Despite sporadic and localized rebounds, the control measures were swift and the impact was manageable, and the Group maintained normal domestic operations. Overseas, the global pandemic remained severe, and overseas project execution was still in the process of gradual recovery.

Significant progress was made in the development and launch of several COVID-19 vaccines globally, bringing light to the economic recovery and rebound in energy demand after the pandemic. During the Quarter, crude oil prices recorded a notable recovery.

ORDERS IN THE FOURTH QUARTER OF 2020

During the Quarter, the Group received new orders of approximately RMB1,194.7 million, representing a decrease of 40.4% compared to the same period last year. New domestic orders amounted to approximately RMB664.5 million, representing an increase of 9.1% compared to the same period last year; new orders in the Iraqi market amounted to approximately RMB77.2 million, representing a decrease of 93.8% compared to the same period last year; new orders in other overseas markets amounted to approximately RMB453.0 million, representing an increase of 205.9% compared to the same period last year.

In the domestic market, customers' oil and gas development activities stayed active under the implementation of the national energy security strategy. While strictly preventing and controlling the pandemic, the Group actively pursued new orders. In the Xinjiang market, the Group once again won a large order of approximately RMB260.0 million for its asset-light drilling tool leasing project; in the southwest market, the Group continued to obtain orders for shale gas drilling, fracturing and other related projects; in other domestic markets, the Group continued to obtain orders for stimulation, fracturing, gas leak inspection and well completion tools in Shanxi, Erdos and eastern markets.

In overseas markets, the pandemic remained severe. During the Quarter, the Group obtained additional orders related to oilfield management, oilfield operation and maintenance, inspection technology, etc. in the Iraqi market, with new orders amounting to approximately RMB77.2 million, and in other overseas markets, the Group made breakthrough on its business model, by helping its customer designing financing plans and got successful financing, the Group won large orders, with new orders amounting to RMB453.0 million.

ORDER FULFILLMENT IN THE FOURTH QUARTER OF 2020

During the Quarter, in the domestic market, the Group's operations in key markets such as Xinjiang, Southwest China and Erdos were carried out in an orderly manner. In the Xinjiang market, the Group's premium businesses – inspection and drilling tool rental services – progressed efficiently; in the southwest, the Group completed the fracturing operation of the CNPC shale gas ultra-long horizontal well with the largest slanting depth, which was completed in the second quarter, and handed over the well successfully; in the Shanxi CBM market, the Group became the mainstream supplier to local customers with its high quality and efficient fracturing operations. Overseas, in the Iraqi market, the Group's large-scale integrated oilfield management projects maintained smooth operation, and other projects previously suspended due to the pandemic started to resume. In other overseas markets, the integrated oilfield management project in the African market of Chad was running smoothly, and the drilling and workover project in the Pakistan market and the workover project in the Chad market resumed smoothly in the Quarter. However, certain heavy asset projects remain affected by the pandemic and operations halted.

As of 31 December 2020, the Group had order backlog of approximately RMB5,479.2 million. Among them, orders on hand in the domestic market were approximately RMB2,681.7 million, accounting for approximately 48.9% of the Group's total order backlog; order backlog in the Iraqi market were approximately RMB2,311.0 million, accounting for approximately 42.2% of the Group's total order backlog; in other markets, order backlog was approximately RMB486.5 million, accounting for approximately 8.9% of the Group's total order backlog.

Notes:

- Order backlog is the estimated work volume available for future execution as at a certain date, based on the judgment and calculation by the management with reference to the contracts and agreements entered into between the clients and the Group. New orders awarded are the increments in the order backlog during this Quarter. Order backlog is reduced when orders are fulfilled, and may be adjusted by the management should an unexpected change in market conditions arise.

MANAGEMENT UPDATE IN THE FOURTH QUARTER OF 2020

During the Quarter, the Group proposed strategic transformation from the perspective of business model and formally launched the platform-based ecological development strategy, under which the Group will focus on its core competencies, establish an open cooperation platform, introduce partners, utilize external forces to fill in shortcomings, empower collaboration with partners, create value for customers together and achieve common development.

Under the guidance of the platform-based ecological development strategy, the Group introduced Chengdu Xiangcheng Investment Group Co., Ltd. (成都香城投資集團有限公司), the largest state-owned investment group in Xindu District, Chengdu, as a strategic partner. It invested RMB70.0 million to establish a joint venture with the Group. Both parties will work together in strategy, market, business and talents to support the development and growth of the Group's financial leasing business.

In terms of operation management, the Group continued to firmly implement its core business philosophy of cash flow, accelerate working capital turnover through the whole process of project management, and comprehensively strengthen the recovery of accounts receivable during the peak return season.

In terms of debt management, during the Quarter, the Company completed the repayment of USD300,000,000 9.75% senior notes due 2020 (the 2020 bonds).

In terms of environmental, social and governance (ESG), a grassroots employee of the oil casing branch of the Group's Tong'ao Inspection company was awarded the title of "National Model Worker" (全國勞動模範) as a representative of outstanding workers, while Anton Oilfield Technology (Group) Co., Ltd. (安東石油技術(集團)有限公司), a subsidiary of the Group, was selected as one of the ten "Beijing High Tech Industrial Design Centers". In addition to efficient business operations, the Group continued to actively fulfill its social responsibility by providing support for pandemic prevention and poverty alleviation in the communities where it operates. The Group was awarded the honorary title of "Outstanding Support Enterprise for Poverty Alleviation" (脫貧攻堅先進幫扶企業) by the Party Committee of Aksalai Town, Luntai County. In addition, the Group's work in corporate governance and capital market communication continued to be recognized by the market, and was awarded the "Best Investor Relations Company" and "Best Investor Relations Officer" in the 10th Asian Excellence Awards presented by Corporate Governance Asia.

OUTLOOK FOR OPERATIONS IN THE FIRST QUARTER OF 2021

In terms of market, domestically, the Group will continue to seize the market opportunity of accelerated energy development under the national energy security strategy, focus on the natural gas market and unconventional energy market, target precise engineering services opportunities combining geology and engineering, and continue to leverage its technical advantages and platform advantages to strive for premium orders. Overseas, in the Iraqi market, the Group will seize the opportunity of gradual market recovery, continue to focus on the market of international oil company customers, actively promote the service model of combining geology and engineering to precisely address customer needs and strive for more market share, and, at the same time, give full play to the successful experience of oilfield management service projects to strive for more opportunities in oilfield management service projects. For other overseas markets, the Group will actively explore new markets and seek new project orders while strictly controlling market risks.

In terms of operations, the Group will comprehensively improve the customer-centric QHSE management of international standard, and focus on project delivery management. At the same time, the Group will promote the construction of the Group's digital platform, conduct digital intelligence platform monitoring, strengthen professional team building, continuously improve the risk control system, focus on customer satisfaction, and create the best customer experience. In the domestic market, the Group will speed up project commencing on the basis of strict pandemic prevention and attention to project quality. In the overseas market, the Group will do its utmost to ensure the continuous and smooth operation of oilfield management projects in Iraq and Chad, and actively seek renewal of the large-scale integrated oilfield management project in Iraq, while actively cooperating with customers' requirements and promoting the resumption of projects previously affected by the pandemic.

In terms of operational management, the Group will continue to focus on the core operational indicator of "cash flow", and accelerate working capital turnover by strictly conducting whole process management of projects. At the same time, the Group will continue to exercise strict liquidity management to ensure capital safety.

In terms of ESG, the Group will continue to focus on its vision of "becoming a model for harmonious and efficient development of people and the environment", and make continuous efforts to achieve long-term sustainable development.

The above statements are based on the current operations of the Group and current market conditions, and not a guarantee of the performance of the Group. The performance of the Group is mainly determined by the market and financial environment.

Disclaimer:

- *The above-mentioned information on operational updates is unaudited and is based on preliminary internal information of the Group, which due to various uncertainties arising during the contract signing process, execution progress and client plan etc., the above-mentioned quarterly operational updates may differ from the Group's periodic financial disclosures. Therefore, the quarterly operational updates in this Announcement only serve the purpose of periodic reference.*
- *The above-mentioned quarterly operational updates do not constitute nor should they be construed as invitations or offers to buy or sell any securities or financial instruments of the Group. Nor are they intended as the offer of any investment services or advices. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.*

By order of the Board
Anton Oilfield Services Group
LUO Lin
Chairman

Hong Kong, 26 January 2021

As at the date of this announcement, the executive Directors are Mr. LUO Lin, Mr. PI Zhifeng and Mr. Fan Yonghong, the non-executive Director is Mr. Huang Song, and the independent non-executive Directors are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WEE Yiaw Hin.