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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 Third Quarter of 2021 and Outlook for the Fourth 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 July to 30 September 2021 (the “**Quarter**”).

OPERATIONAL OVERVIEW OF THE THIRD QUARTER OF 2021

During the Quarter, the market viewed a global-wise tight supply of energy. Coal, natural gas and other energy prices skyrocketed, international crude oil prices continued to rise sharply. Brent crude futures exceeded \$80 per barrel in late September, reaching the highest level in the past three years. The demand for oil and gas resource development is strong and the market environment is improving. In this environment, the Group continued to promote the implementation of the “brand new Anton” strategy, resolutely implement the light-asset operation strategy, to build an ecological platform development, actively strive for high-quality projects with light assets, high-tech demand, and high returns, focus on promoting the development of high-quality “oilfield management business”, “inspection and digital business”; proactively gave up orders for projects that require large capital expenditures and long capital turnover to ensure a long-term healthy growth. In terms of operations, the Group has accelerated the implementation of overseas projects and significantly improved operational efficiency.

ORDERS IN THE THIRD QUARTER OF 2021

During the Quarter, the Group won new orders of approximately RMB1,009.8 million, representing a decrease of 6.3% compared to the same period last year. New orders from the domestic market amounted to approximately RMB577.7 million, representing a decrease of 12.1% compared to the same period last year; new orders from Iraqi market amounted to approximately RMB341.1 million, representing a decrease of 2.6% compared to the same period last year; and new orders in other overseas markets amounted to approximately RMB91.0 million, representing an increase of 30.4% compared to the same period last year.

In the domestic market, during the Quarter, the Group continued to selectively strive for high-quality asset-light project orders, focusing on promoting the development of “inspection and digital business”, and is actively developing the new energy business market under the national’s carbon cut policy. In terms of order acquisition, the Group won bids for directional drilling, tubing and casing inspection and well completion tool services in the Xinjiang market; in the Southwest market, the Group won orders for drilling tool leasing, coiled tubing operations and measurement inspection; in markets in North China and Northeast China, the Group won bids for projects such as fracturing, gas leak testing, and sales of well completion tools. New orders are mainly technical service orders, and the proportion of orders for heavy asset equipment projects continued to decrease.

In overseas markets, the Group continued to look for business opportunities in oilfield management. In terms of order acquisition, in Iraq, the Group continued to win orders for coiled tubing equipment service projects and oilfield non-destructive inspection projects. In other overseas markets, the Group continued to obtain orders of light asset projects such as tool sales projects in Australia, directional wells technical service projects in Kazakhstan, and comprehensive oilfield maintenance projects in Chad.

ORDER FULFILLMENT IN THE THIRD QUARTER OF 2021

In the domestic market, during the Quarter, the Group actively participated in the construction of natural gas storage for customers in multiple markets, and provided customers with gas seal inspection technical services for the construction of the first underground natural gas storage in Shandong Province. At the same time, the Group applied permanent optical fiber monitoring technology for the first time in Daqing gas storage, and the overall project was a complete success. In other domestic markets, the Group’s high-tech oil-based mud, drilling tool leasing, inspection technology and other services have been carried out efficiently.

Overseas, in the Iraqi market, after the renewal of contract, the Group’s IFMS project runs steadily. At present, the Group is communicating and discussing with the customer on the overall development plan of the oilfield in 2022. At the same time, many oilfield projects in the Iraqi market were praised by customers due to the Group’s high-quality execution, and received recommendation letters of praise from customers. In other overseas markets, integrated oilfield management projects in the Chad, Africa, are running smoothly; mud, directional drilling and other projects all have maintained full workload; drilling & workover projects, drilling tool inspection projects, and directional drilling projects in Pakistan and Kazakhstan are in progress steadily.

As at 30 September 2021, the Group had order backlog of approximately RMB7,473.6 million. Among them, order backlog in the domestic market was approximately RMB3,298.6 million, accounting for approximately 44.2% of the total order backlog; order backlog in the Iraqi market was approximately RMB3,574.6 million, accounting for approximately 47.8% of the total order backlog; in other markets, order backlog was approximately RMB600.4 million, accounting for approximately 8.0% of the total orders.

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. Order backlog shall be reduced due to the execution of orders, and shall be subject to the adjustment by the management due to an unexpected change in market conditions.

MANAGEMENT UPDATE IN THE SECOND QUARTER OF 2021

In the third quarter, the Group continued to promote refined operations and comprehensively implement strict cost control measures to reduce costs while improving management efficiency. At the same time, the Group actively promoted platform-based development, and carried out technical communication and cooperation with more than 10 ecological enterprises including the Chinese Academy of Geological Sciences during the quarter to reserve technical resources for reservoir geological research, digitalization, intelligent oilfields and related businesses.

In terms of debt management, on July 19, the Group completed the partial exchange of bonds due in 2022 and the concurrent issuance of new bonds. The transaction completed a total of US\$61,903,000 for the issuance of new bonds in exchange for the old one, and completed the concurrent issuance of a new bond with the amount of US\$88,097,000, a total of US\$150 million of new bonds were issued. The coupon of the new bond is 8.75% and the maturity is 3.5 years. The bond will be due in January 2025.

In terms of Environmental, Social and Governance (ESG), the Group comprehensively sorted out and reviewed the achievements in ESG in the past year, and officially released the 2020 Sustainability Report on July 22. In addition, all sectors of society have highly recognized the Group's social responsibilities and contributions. After various levels of selection, Anton Oilfield Service (Group) Ltd., a subsidiary of the Group, was successfully selected as one of the "2021 Beijing Top 100 Private Enterprises in Social Responsibility".

OUTLOOK FOR OPERATIONS IN THE FOURTH QUARTER OF 2021

In terms of the market, benefiting from the rapid growth in global demand for energy development, the Group's main market project opportunities have increased. The Group will continue to leverage its technological and market advantages to strive for project opportunities for unconventional resource development in the Chinese market through the application and promotion of new technologies, improve work efficiency, and help customers increase production and reduce costs. At the same time, the Group will actively promote the market expansion of the two new businesses of "low-carbon and new energy technology business" and "smart oil and gas technology business". In overseas, in the Iraqi market, as the market further recovers, the Group will maintain efficient communication with customers to gain more market share. In other overseas markets, the Group will focus on the development of the Western African market and further seek market breakthroughs.

In terms of products and technologies, the Group will integrate existing product technologies, carry out multi-industry integration innovation, integrate and develop engineering technology with geological technology, inspection technology, financial resources, digital technology, and human resources to provide customers with multi-subject cross-boarder service.

In terms of operation and management, the Group will further strengthen refined operations, adhere to asset-light development, promote technological innovation, management breakthroughs, business transformation, and strive to achieve its annual operating goals. With the formulation and implementation of the "Brand New Anton" strategy, the Group's business strategy and business division have been adjusted. In order to better reflect the Group's business operation status and to disclose the business performance more accurately to the capital market, the Group is also preparing to adjust the business segments in its financial reports. The three business segments of "Drilling Technical Services" "Well Completion Technical Service" and "Oil Production

Technology Services” will be reclassified to four business segments: as “Oilfield Management Services”, “Inspection and Digital Services”, “Oilfield Technical Services” and “Drilling Rig Services”. Specific adjustments and corresponding performance data is expected to be disclosed in the Group’s 2021 annual report.

In terms of ESG, the Group will continue to benchmark industry models, continue to improve, strengthen management, and make unremitting efforts around the corporate vision of efficient and harmonious development of people and the environment to achieve 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, due to various uncertainties arising from the contract signing process, execution progress and client plan etc., and such information 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 solicitations 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, 11 October 2021

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