THE CONTENT OF THIS ANNOUNCEMENT IS PUBLISHED USING EQUITY STOCK CODE (STOCK CODE: 3337) AND DEBT STOCK CODE (STOCK CODE: 40776) FOR EQUITY HOLDERS AND DEBT HOLDERS INFORMATION.

ANTON 安東

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Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- The Group's consolidated revenue was RMB4,434.8 million, representing an increase of 26.2% from RMB3,514.9 million in 2022.
- Profit attributable to the equity holders of the Group was RMB196.5 million, representing a decrease of 33.1% from RMB293.8 million in 2022; profit attributable to the equity holders after deducting the one-off US dollar bonds repurchase gain was RMB195.0 million, representing an increase of RMB30.5 million or 18.5% from RMB164.5 million in 2022.
- The Group's net operating cash inflow was RMB916.8 million, representing a decrease of 6.4% from RMB980.0 million in 2022; free cash flow was RMB499.5 million, representing an increase of 17.3% from RMB426.0 million in 2022.
- The Board of Directors recommends the payment of a final dividend of RMB0.013 per share for the year ended 31 December 2023 (2022: Nil), subject to approval by the shareholders of the Company at the annual general meeting to be held on 24 May 2024 (Friday).

RESULTS

The Board of Directors (the "**Board**") of Anton Oilfield Services Group (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2023 (hereinafter referred to as the "**2023**", or the "**Reporting Period**") and the comparable figures for the same period of 2022 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Renminbi ("RMB"), unless otherwise stated)

	Notes	**Year ended 31 December** **2023**	2022
Revenue			
Goods and services	*5*	**4,269,950**	3,310,509
Rental	*5*	**164,848**	204,403
Total revenue	*5*	**4,434,798**	3,514,912
Cost of sales	*6*	**(3,112,486)**	(2,515,103)
Gross profit		**1,322,312**	999,809
Other (loss)/gains, net		**(17,286)**	153,114
Impairment losses under expected credit loss model, net of reversal		**(89,819)**	43,500
Selling expenses	*6*	**(195,914)**	(173,324)
Administrative expenses	*6*	**(293,540)**	(263,983)
Research and development expenses	*6*	**(111,669)**	(80,277)
Sales tax and surcharges		**(13,398)**	(13,688)
Operating profit		**600,686**	665,151
Interest income	*7*	**26,849**	17,957
Finance expenses	*7*	**(221,978)**	(269,250)
Finance costs, net	*7*	**(195,129)**	(251,293)
Share of profit/(loss) of a joint venture		**171**	(307)
Share of profit of associates		**1,999**	6,951
Profit before income tax		**407,727**	420,502
Income tax expense	*8*	**(187,167)**	(122,911)
Profit for the year		**220,560**	297,591
Profit attributable to:			
Owners of the Company		**196,513**	293,810
Non-controlling interests		**24,047**	3,781
		220,560	297,591
Earnings per share attributable to the owners of the Company for the year (expressed in RMB per share)			
– Basic	*9*	**0.0675**	0.1013
– Diluted	*9*	**0.0666**	0.0990

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Year ended 31 December	
	2023	2022
Profit for the year	**220,560**	297,591
Other comprehensive income/(expense), net of tax:		
Items that may be reclassified subsequently to profit or loss		
Net investment hedge	**(13,656)**	(182,165)
Financial instruments measured at fair value through other comprehensive income	**(350)**	4,898
Currency translation differences	**15,935**	338,238
Other comprehensive income for the year, net of tax	**1,929**	160,971
Total comprehensive income for the year	**222,489**	458,562
Total comprehensive income attributable to:		
– Owners of the Company	**199,050**	454,781
– Non-controlling interests	**23,439**	3,781
	222,489	458,562

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Amounts expressed in thousands of RMB, unless otherwise stated)

		As at 31 December	
	Note	**2023**	2022
ASSETS			
Non-current assets			
Property, plant and equipment		**1,808,227**	1,970,846
Right-of-use assets		**116,027**	134,089
Investment properties		**3,801**	5,294
Goodwill		**253,630**	253,630
Intangible assets		**333,081**	317,615
Interest in a joint venture		**2,570**	2,399
Interests in associates		**29,641**	27,642
Financial assets at fair value through profit or loss		**91,310**	30,000
Prepayments and other receivables		**120,600**	118,559
Deferred income tax assets		**24,452**	20,851
		2,783,339	2,880,925
Current assets			
Inventories		**910,021**	933,832
Trade and notes receivables	*10*	**2,441,035**	2,034,610
Contract assets		**24,728**	22,486
Prepayments and other receivables		**1,579,486**	905,041
Restricted bank deposits		**482,379**	477,997
Cash and cash equivalents		**1,585,886**	727,904
		7,023,535	5,101,870
Total assets		**9,806,874**	7,982,795

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2023
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Note	**As at 31 December 2023**	2022
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**276,274**	276,274
Reserves		**2,911,265**	2,805,200
		3,187,539	3,081,474
Non-controlling interests		**233,347**	219,335
Total equity		**3,420,886**	3,300,809
LIABILITIES			
Non-current liabilities			
Long-term bonds		**787,515**	801,835
Long-term borrowings		**340,918**	47,113
Lease liabilities		**23,380**	28,499
Deferred income tax liabilities		**13,518**	13,586
		1,165,331	891,033
Current liabilities			
Short-term borrowings		**1,186,110**	1,139,732
Current portion of long-term bonds		**29,959**	30,771
Current portion of long-term borrowings		**97,262**	48,617
Trade and notes payables	*11*	**1,819,924**	1,449,092
Accruals and other payables		**1,717,749**	861,665
Lease liabilities		**12,720**	20,515
Contract liabilities		**73,760**	17,241
Current income tax liabilities		**283,173**	223,320
		5,220,657	3,790,953
Total liabilities		**6,385,988**	4,681,986
Total equity and liabilities		**9,806,874**	7,982,795

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Year ended 31 December	
	2023	2022
Cash flows from operating activities		
Net cash inflows from operations	**1,023,856**	1,052,614
Interest received	**23,903**	5,705
Income tax paid	**(130,983)**	(78,362)
Net cash generated from operating activities	**916,776**	979,957
Cash flows from investing activities		
Purchase of property, plant and equipment	**(170,508)**	(164,487)
Proceeds from disposal of property, plant and equipment	**6,624**	1,688
Purchase of intangible assets	**(53,420)**	(65,478)
Proceeds from disposal of an associate	**–**	2,017
Investment in an associate	**–**	(18,690)
Net cash paid for acquisition of a subsidiary	**(30,687)**	(20,438)
Purchases of financial assets at fair value through profit or loss	**–**	(30,000)
Cash paid relating to other investing activities	**(28,989)**	(47,710)
Net cash used in investing activities	**(276,980)**	(343,098)
Cash flows from financing activities		
Proceeds from short-term borrowings	**1,494,916**	1,287,000
Repayments of short-term borrowings	**(1,449,000)**	(867,050)
Proceeds from long-term borrowings	**403,000**	48,000
Repayments of long-term borrowings	**(61,500)**	(83,500)
Repayments of long-term bonds	**–**	(590,853)
Repurchase of long-term bonds	**(34,733)**	(754,554)
Repayments of lease liabilities	**(25,755)**	(35,338)
Interest paid	**(140,336)**	(210,889)
Cash paid to non-controlling interests for additional equity interest in a subsidiary	**(68,621)**	(11,245)
Proceeds from disposal of interests in a subsidiary without loss of control	**97,530**	155,280
Repurchase of ordinary shares	**(35,500)**	(11,207)
Placement of restricted bank deposits	**(20,000)**	(51,825)
Withdraw of restricted bank deposits	**51,825**	–
Net cash generated from/(used in) financing activities	**211,826**	(1,126,181)
Net increase/(decrease) in cash and cash equivalents	**851,622**	(489,322)
Cash and cash equivalents at beginning of the year	**727,904**	1,173,186
Exchange gain on cash and cash equivalents	**6,360**	44,040
Cash and cash equivalents at end of the year	**1,585,886**	727,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

1. GENERAL INFORMATION

Anton Oilfield Services Group (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform-Pillar Two model Rules*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*

The application of the amendments to IFRSs 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.

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

Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with IFRSs 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").

4. 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. 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.

	Oilfield technical services	**Oilfield management services**	**Drilling rig services**	**Inspection services**	**Total**
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**
For the year ended 31 December 2022					
Revenue	1,594,511	1,143,616	455,300	321,485	3,514,912
EBITDA	471,093	440,641	145,953	117,356	1,175,043
Depreciation and amortisation	(264,155)	(9,094)	(59,832)	(11,201)	(344,282)
Asset impairment provision of					
– Inventories	(11,303)	(592)	(1,247)	–	(13,142)
– Trade receivables, net of reversal	58,080	(6,544)	(1,070)	(1,518)	48,948
– Other receivables	(4,388)	(18)	(1,042)	–	(5,448)
Interest income	698	1,269	161	1,221	3,349
Finance expenses	(18,714)	(8,123)	(5,407)	(2,252)	(34,496)
Share of loss of a joint venture	(307)	–	–	–	(307)
Share of profit of associates	6,951	–	–	–	6,951
Income tax expense	(27,104)	(69,929)	(12,384)	(13,494)	(122,911)
Segment results	210,851	347,610	65,132	90,112	713,705
Unallocated corporate overheads					(416,114)
Profit for the year					297,591

	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services	Total
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**
As at 31 December 2022					
Segment assets	4,043,231	903,170	877,498	336,569	6,160,468
Segment assets include:					
Capital expenditures incurred in the year	229,211	17,879	34,532	28,277	309,899

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	
	2023	2022
Assets for reportable segments	**7,199,506**	6,160,468
Corporate assets for general management	**2,607,368**	1,822,327
Total assets	**9,806,874**	7,982,795

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

Geographical Information

	Revenue Year ended 31 December		Non-current assets As at 31 December	
	2023	2022	**2023**	2022
PRC	**1,746,730**	1,493,655	**1,796,672**	1,881,273
Republic of Iraq ("Iraq")	**2,210,871**	1,536,034	**587,408**	694,806
Other countries	**477,197**	485,223	**191,600**	206,285
Total	**4,434,798**	3,514,912	**2,575,680**	2,782,364

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 2023, revenues of approximately RMB2,666,415,000 (2022: RMB2,226,782,000) were derived from two external customers, which contributed 40.33% and 19.79% (2022: 45.98% and 17.37%) to the total revenue respectively. These revenues were mainly attributable to oilfield technical services and oilfield management services segments (2022: oilfield technical services and oilfield management services segments).

5. REVENUE

	Year ended 31 December	
	2023	2022
Sales of goods	**271,827**	295,281
Provision of services	**3,998,123**	3,015,228
	4,269,950	3,310,509
Rental	**164,848**	204,403
	4,434,798	3,514,912

(i) Disaggregation of revenue

	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**

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 4)*	**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**

	For the year ended 31 December 2022			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Types of goods or service				
Sales of goods	295,281	–	–	–
Provision of services	1,094,827	1,143,616	455,300	321,485
Total	1,390,108	1,143,616	455,300	321,485
Geographical markets				
PRC	694,157	3,316	309,025	282,754
Iraq	428,457	953,460	130,739	23,378
Other countries	267,494	186,840	15,536	15,353
Total	1,390,108	1,143,616	455,300	321,485
Timing of revenue recognition				
A point in time	1,390,108	–	455,300	321,485
Over time	–	1,143,616	–	–
Total	1,390,108	1,143,616	455,300	321,485

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

	For the year ended 31 December 2022			
	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers *(Note 4)*	1,594,511	1,143,616	455,300	321,485
Rental income	(204,403)	–	–	–
Revenue from contracts with customers	1,390,108	1,143,616	455,300	321,485

(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.

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.

(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 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**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognising revenue are as follows:

	PRC	Iraq	Other countries
Within one year	1,902,679	1,163,001	205,887
More than one year but not more than two years	511,769	540,818	86,397
More than two years	–	341,804	31,077
	2,414,448	2,045,623	323,361

(iv) Leases

	Year ended 31 December 2023	Year ended 31 December 2022
For operating leases:		
Lease payments that are fixed	**164,848**	204,403
Total revenue arising from leases	**164,848**	204,403

6. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Year ended 31 December	
	2023	2022
Materials and services purchased	**1,763,122**	1,316,115
Staff costs	**940,106**	797,149
In which:		
– Salaries and other staff expenses	**927,152**	773,079
– Share-based compensation	**12,954**	24,070
Depreciation	**344,262**	332,355
In which:		
– Property, plant and equipment	**313,980**	300,482
– Right-of-use assets	**28,789**	31,618
– Investment properties	**1,493**	255
Less: Capitalised in inventories	**(23,874)**	(24,032)
	320,388	308,323
Amortisation	**49,886**	46,712
Less: Capitalised in inventories	**(3,924)**	(3,950)
	45,962	42,762
In which:		
– Cost of sales	**37,720**	33,922
– Administrative expenses	**822**	507
– Selling expenses	**19**	18
– Research and development expenses	**7,401**	8,315
Auditor's remuneration		
– Audit and related services	**6,200**	6,200
– Other services	**300**	170
Other operating expenses	**637,531**	561,968
In which:		
– Impairment of inventories	**7,279**	13,142

7. FINANCE COSTS, NET

	Year ended 31 December	
	2023	2022
Interest expenses		
– on bank borrowings	**(71,513)**	(54,989)
– on bonds	**(77,699)**	(166,165)
– on other financial liabilities	**(23,693)**	–
– on lease liabilities	**(3,119)**	(2,941)
Exchange gain/(loss), net	**5,547**	(6,659)
Others	**(51,501)**	(38,496)
Finance expenses	**(221,978)**	(269,250)
Interest income	**26,849**	17,957
	(195,129)	(251,293)

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
Current income tax		
– PRC enterprise income tax	**26,451**	11,240
– Iraq corporate income tax	**155,719**	105,485
– Others	**8,666**	7,788
Deferred income tax	**(3,669)**	(1,602)
	187,167	122,911

The Company was 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.

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 2023 (2022: 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 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	
	2023	2022
Profit before income tax	**407,727**	420,502
Tax calculated at applicable tax rates	**168,673**	136,281
Income not subject to taxation	**–**	(1,982)
Expenses not deductible for taxation purposes	**1,714**	1,544
Additional deduction of research and development expense	**(11,229)**	(6,210)
Tax losses and deductible temporary difference for which no deferred income tax was recognised	**29,064**	20,869
Utilisation of unused deductible tax losses previously not recognised as deferred income tax	**(3,715)**	(11,124)
Effect of share of (profit)/loss of a joint venture	**(26)**	46
Effect of share of profit of associates	**(500)**	(1,738)
Under/(over) provision in respect of prior year and others	**3,186**	(14,775)
	187,167	122,911

9. 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	
	2023	2022
Profit attributable to the owners of the Company	**196,513**	293,810
Weighted average number of ordinary shares in issue (thousands of shares) *(Note)*	**2,910,766**	2,901,580
Basic earnings per share (expressed in RMB per share)	**0.0675**	0.1013

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 2023, the only dilutive factor of the Company was the outstanding unvested restricted shares.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for both years ended 2023 and 2022.

	Year ended 31 December	
	2023	2022
Profit attributable to the owners of the Company	**196,513**	293,810
Weighted average number of ordinary shares in issue (thousands of shares)	**2,910,766**	2,901,580
Adjustments for the effect of restricted share award scheme (thousands of shares)	**39,795**	64,795
Weighted average number of ordinary shares for computation of diluted earnings per share (thousands of shares)	**2,950,561**	2,966,375
Diluted earnings per share (expressed in RMB per share)	**0.0666**	0.0990

10. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2023	2022
Trade receivables, net *(a)*		
– contracts with customers	**2,192,156**	1,851,369
– lease receivables	**63,815**	51,151
	2,255,971	1,902,520
Notes receivable *(e)*	**185,064**	132,090
	2,441,035	2,034,610

Notes:

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

	As at 31 December	
	2023	2022
1 – 6 months	**1,752,215**	1,248,600
6 months – 1 year	**259,574**	292,400
1 – 2 years	**162,672**	151,785
2 – 3 years	**44,914**	80,625
Over 3 years	**36,596**	129,110
	2,255,971	1,902,520

(b) Most of the Group's past-due trade receivables were those receivables aged over one year. As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB244,182,000 (31 December 2022: RMB256,217,000) 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 2023, trade receivables of RMB421,134,000 (31 December 2022: RMB318,764,000) were pledged as security for long-term borrowings of RMB266,718,000 (31 December 2022: Nil) and short-term borrowings of RMB154,416,000 (31 December 2022: RMB318,764,000).

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

	2023	2022
As at 1 January	**(265,433)**	(314,381)
Addition	**(81,830)**	(37,508)
Reversal	**–**	86,456
Write-off	**32,953**	–
As at 31 December	**(314,310)**	(265,433)

(e) As at 31 December 2023, total notes received amounting to RMB185,064,000 (31 December 2022: RMB132,090,000) are held by the Group as settlement of corresponding trade receivables. Notes receivable was measured at fair value through other comprehensive income. All notes received by the Group are with a maturity period of less than one year.

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

	As at 31 December	
	2023	2022
RMB	**1,321,964**	961,957
United States dollar ("US$")	**1,096,816**	1,036,427
Others	**22,255**	36,226
	2,441,035	2,034,610

11. TRADE AND NOTES PAYABLES

	As at 31 December	
	2023	2022
Trade payables	**944,088**	585,517
Notes payable	**875,836**	863,575
	1,819,924	1,449,092

Ageing analysis of trade and notes payables at the reporting date was as follows:

	As at 31 December	
	2023	2022
Less than 1 year	**1,669,508**	1,286,568
1 – 2 years	**58,141**	69,999
2 – 3 years	**25,476**	27,783
Over 3 years	**66,799**	64,742
	1,819,924	1,449,092

Trade and notes payables were denominated in the following currencies:

	As at 31 December	
	2023	2022
RMB	**1,658,986**	1,340,763
US$	**153,215**	93,917
Others	**7,723**	14,412
	1,819,924	1,449,092

12. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB0.013 (2022: Nil) per ordinary share, in an aggregate amount of RMB39,000,000 (2022: Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2023, the pressure of global economic stagnation continued, and the macroeconomic development was still facing severe challenges. The frequent geopolitical events brought new challenges to the global economic growth. At the same time, it further increased the uncertainty risk on the oil and gas supply. In the oil and gas market, the oil price remained at a mid-to-high level throughout the year. The emerging markets for global oil and gas development continued to vigorously promote the construction of oil and gas development capacity, and the overall industry was in an upward stage.

During the year, the Group achieved rapid business recovery and performance growth. In terms of the market, the Group continued to focus on the emerging markets of global oil and gas development and continued to expand its business by leveraging on its differentiated competitive advantages. In 2023, the Group's overseas business grew by RMB666.9 million, representing an increase of 33.0%, and its share of the Group's total revenue reached 60.6%. In the PRC market, the Group continued to focus on reservoir geological technology, using innovative technologies to help customers increase development efficiency, and providing asset-light technical services to drive growth, thereby achieving rapid recovery after the epidemic. Revenue from the PRC increased 16.9% compared to 2022.

In terms of products and services, the Group further accelerated the business transformation and the development of innovative business, forming a new business form of precision engineering technology, independent innovative service brand and e-commerce. Among them, revenue from innovative businesses such as oilfield management, inspection and asset leasing series solutions accounted for more than 50%. In addition, the Group's online platform – Anton Oil & Gas Mall (安同油氣商城), Oil & Gas DAO (油氣島), Oil Mates Multimedia (石同多媒體) and Oil Mates We Media (石油同學自媒體), have formed a large ecosystem, and online business has been fully developed. Facing the rapid development of global digitalization and AI technology, the Group also continued to accelerate the digitalization and intelligent transformation. During the year, the Group focused on researching and launching a series of AI solutions for the oil and gas industry. The business transformation will help the Group to achieve sustainable scale development in the future and further improve the quality of business growth.

In terms of management, the Group continued to strictly implement cash flow management and strictly controlled the entire process of projects to achieve cost reduction and efficiency enhancement as well as sustained strong cash flow performance. The Group achieved net operating cash inflows of RMB916.8 million and free cash flow of RMB499.5 million for the year. The Group also continued to promote management digitization during the year. By building a data center that integrates production, operations, finance, market, human resources management and other data, the Group has achieved comprehensive real-time digitization and visual management of operational information to further improve operational management efficiency, optimize resource allocation, and promote rapid business development, thereby achieving cost reduction and efficiency improvement in management.

In terms of environment, society and governance (ESG), in 2023, the Group focused on the mid-to-long-term carbon reduction goals, and through continuous innovation in technology and service models, management, and operation efficiency improvements, the Group maximized its efforts in its own production process to reduce emissions and helped customers achieve emission reductions. In 2023, the Group's greenhouse gas emissions per unit revenue have reduced by 2.7% as compared to 2022, and indirectly helped customers achieved greenhouse gas emissions reduction of the equivalent of 19,972.4 tons of carbon dioxide. At the same time, the Group actively fulfilled its social responsibilities. The Group actively participated in community donations, carried out appropriate poverty alleviation work, supported flood prevention and disaster relief and post-disaster reconstruction in the PRC, and assisted in donating money to repair schools and improve educational conditions in Iraq where the Group's operations are located. The Group also actively increased the recruitment and training of talents, promoted technological innovation, and actively contributed to the development of the society. In 2023, the Group's subsidiaries won a number of awards such as the National Specialized, Refined, Differentiated, and Innovative Little Giant (國家級專精特新小巨人), the Global Top 100 Private Economy Enterprises (全球民營經濟百強企業), and the Best Managed Companies in China (中國卓越管理公司).

Performance Results

For 2023, the Group's revenue totalled RMB4,434.8 million, representing an increase of RMB919.9 million, or 26.2%, from RMB3,514.9 million in 2022. Operating profit was RMB600.7 million, representing a decrease of RMB64.5 million or 9.7% from RMB665.2 million in 2022, mainly due to the fact that the Group's one-off USD bond repurchase gain in 2022 was RMB129.3 million, while the USD bond repurchase gain in 2023 was merely approximately RMB1.5 million. Net profit was RMB220.6 million, representing a decrease of approximately 25.9% from RMB297.6 million in 2022. Profits attributable to equity holders of the Company was RMB196.5 million, representing a decrease of RMB97.3 million, or approximately 33.1%, from RMB293.8 million in 2022. The net profit margin attributable to equity holders of the Company was 4.4%. However, profit attributable to equity holders after deducting the one-off US dollar bond repurchase gain was RMB195.0 million, representing an increase of RMB30.5 million or 18.5% from RMB164.5 million in 2022.

As at 31 December 2023, the Group's accounts receivable balance was approximately RMB2,441.0 million, and the average accounts receivable turnover was 169 days, representing a decrease of 29 days as compared to 2022. The average inventory turnover was 75 days, representing a decrease of 21 days as compared to 2022. The average account payables turnover was 88 days, representing an increase of 4 days as compared to 2022. Net operating cash flow was RMB916.8 million, representing a slight decrease of RMB63.2 million from RMB980.0 million in 2022. While, due to the decrease in finance expenses and reasonable control of capital expenditure, free cash flow achieved stable growth. In 2023, the Group achieved free cash flow of RMB499.5 million, representing an increase of RMB73.5 million from RMB426.0 million in 2022.

Geographical Market Analysis

In 2023, the Group's revenue from overseas markets was RMB2,688.1 million, representing an increase of RMB666.9 million, or 33.0%, from RMB2,021.2 million in 2022, accounting for 60.6% of the Group's total revenue. Among the overseas markets, revenue from the Iraqi market was RMB2,210.9 million, representing an increase of RMB674.9 million from RMB1,536.0 million in 2022, an increase of 43.9%, accounting for 49.8% of the Group's overall revenue. Revenue from the other overseas markets was RMB477.2 million, representing a decrease of RMB8.0 million or 1.7% from RMB485.2 million in 2022, accounting for 10.8% of the Group's overall revenue. Revenue from the PRC market was RMB1,746.7 million, representing an increase of RMB253.0 million or 16.9% from RMB1,493.7 million in 2022, accounting for 39.4% 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	
	2023	2022	Change	**2023**	2022
	(RMB Mn)	*(RMB Mn)*	*(%)*	***(%)***	*(%)*
Overseas	**2,688.1**	2,021.2	33.0%	**60.6%**	57.5%
Domestic	**1,746.7**	1,493.7	16.9%	**39.4%**	42.5%
Total	**4,434.8**	3,514.9	26.2%	**100.0%**	100.0%

Overseas Markets

	Twelve months ended 31 December			% of the Group's total revenue Twelve months ended 31 December	
	2023	2022	Change	**2023**	2022
	(RMB Mn)	*(RMB Mn)*	*(%)*	***(%)***	*(%)*
Iraq	**2,210.9**	1,536.0	43.9%	**49.8%**	43.7%
Other overseas	**477.2**	485.2	-1.7%	**10.8%**	13.8%
Total	**2,688.1**	2,021.2	33.0%	**60.6%**	57.5%

Overseas Markets

Iraq

The Iraqi market is currently a mature market that accounted for the largest share of the Group's overseas revenue. The Group has been extensively developing the Iraqi market for more than 15 years and has established a strong international and integrated service capability. In addition to the traditional advantageous technical services, the Group's oilfield management business in the Iraqi market has become an asset-light and innovative business model that the Company has focused on in recent years, and has continued to achieve rapid growth.

In 2023, major customers in the Iraqi market continued to increase capital expenditures and actively promoted production capacity construction. The Group fully leveraged on its business advantages and obtained orders for high-quality services such as oilfield management, oilfield operation and maintenance, inspection, and stimulation technical services. The Group's integrated oilfield management projects in this market have helped customers achieved long-term and stable development of oilfields by virtue of continuous high-quality services. The scope of services has further increased and continued to expand. Since the Group took over the oilfield, it has achieved a high standard of HSSE performance exceeding 2,000 consecutive days lost-time-injury free ("**LTI-Free**"), which has been highly praised by customers. The high-quality execution of the project fully confirmed the success of the Group's integrated oilfield management project model and its excellent capability in integrated oilfield management. During the year, the Group's operating projects in other oilfields in Iraq also achieved continuous growth by leveraging on its technical and service capabilities, setting a number of outstanding records.

In addition, the Group actively promoted the application of digital intelligence technology in the Iraqi market to improve management efficiency for Iraqi oilfield customers. In September, the delivery ceremony of the EBS production command centre project constructed by Anton's digital technical service team, was successfully held at the East Baghdad oil field. The project used the drilling remote monitoring system of the production command centre to achieve real-time data collection, transmission, processing and analysis at the drilling operation site to ensure the smooth progress of drilling operations. Through a new model of efficient, intelligent and safe drilling operation management, it was possible to ensure an increase in oilfield output.

In 2023, the Group obtained new orders in the Iraqi market of approximately RMB2,540.5 million, representing an increase of 82.1% as compared to that in 2022. In 2023, the Iraq market recorded revenue of approximately RMB2,210.9 million, representing an increase of approximately 43.9% as compared to RMB1,536.0 million last year.

Other Overseas Markets – Global Emerging Markets

In terms of business expansion in the emerging markets of global oil and gas development, the Group has always adopted the principle of prudence and focused on asset-light oilfield management, supervision and inspection projects.

In 2023, the Group's business in the other overseas markets operated steadily throughout the year. The Group's integrated oilfield management project in the Chad market in Africa successfully achieved more than 3 million hours LTI-Free. The Group's green innovation business (i.e. natural gas processing and decarbonization service project) has successfully entered the construction stage in the Indonesian market. The Group's self-developed mechanical liner hanger tool was successfully applied in the Algerian market.

In 2023, the Group's new orders in the other overseas markets reached a total value of RMB704.2 million, representing an increase of 18.9% compared to 2022. In 2023, the Group recorded revenue of approximately RMB477.2 million from the other overseas markets, a decrease of approximately 1.7% from RMB485.2 million in 2022.

Domestic Market

In 2023, the Group continued to strengthen its asset-light transformation in the domestic market, reduced resource investment in asset-heavy businesses, focused on reservoir geology research, and led industry growth through technology. During the year, the Group actively promoted technological innovation and provided customers with customized and integrated solutions to maximize asset efficiency. During the year, the Group achieved a number of technological innovation breakthroughs. The Group's real-time iterative fracturing technology has been applied in more than 100 wells in the shale gas blocks of South Sichuan, the shale oil and tight gas fields of the Ordos Basin, and has achieved remarkable results in fracturing risk control and fracturing efficiency. This technology will be further promoted and applied in the future.

During the year, the Group's innovative asset leasing solutions also made new breakthroughs. The natural gas purification and transportation and maintenance service project undertaken by the Group in Southwest China was officially completed and put into operation in April. The Group's construction of high-quality and efficient stations was highly praised by customers. The Group will continue to provide operation and maintenance services for the project for a period of five years. The Group's first smart station was also put into use in the project, which facilitated the efficient operation of the project through intelligent production management.

In December, the Group's first SRDI (specialized, refined, differentiated, Innovative) technology conference, digital intelligence technology conference and reservoir geology conference were successfully held at the Group's Chinese business headquarters in Chengdu. The Group has proactively promoted specialised and new technologies, empowered global oil and gas through digital intelligence technology, and made breakthrough contributions to customers through technological leadership.

In 2023, the Group received new orders of approximately RMB2,617.2 million in the PRC, representing an increase of approximately 3.3% from RMB2,532.9 million for the same period last year, and the project portfolio continued to be optimized, with service orders for asset-light projects continued to increase. The PRC market recorded revenue of approximately RMB1,746.7 million in 2023, representing an increase of 16.9% from RMB1,493.7 million in 2022.

Business Cluster Analysis

During the Reporting Period, the Group's revenue from the inspection services cluster was RMB445.9 million, representing an increase of approximately 38.7% as compared to 2022 and accounting for 10.0% of the Group's revenue in 2023. Revenue from the oilfield management services cluster was RMB1,617.9 million, representing an increase of approximately 41.5% as compared to 2022 and accounting for 36.5% of the Group's revenue in 2023. Revenue from the oilfield technical services cluster was RMB2,021.6 million, representing an increase of approximately 26.8% as compared to 2022 and accounting for 45.6% of the Group's revenue in 2023. Revenue from the drilling rig services cluster was RMB349.4 million, representing a decrease of approximately 23.3% as compared to 2022 and accounting for 7.9% of the Group's revenue in 2023.

Revenue Breakdown by Cluster

	Twelve months ended 31 December			% of the Group's total revenue Twelve months ended 31 December	
	2023	2022	Change	**2023**	2022
	(RMB Mn)	*(RMB Mn)*	*(%)*	***(%)***	*(%)*
Inspection services cluster	**445.9**	321.5	38.7%	**10.0%**	9.1%
Oilfield management services cluster	**1,617.9**	1,143.6	41.5%	**36.5%**	32.5%
Oilfield technical services cluster	**2,021.6**	1,594.5	26.8%	**45.6%**	45.4%
Drilling rig services cluster	**349.4**	455.3	-23.3%	**7.9%**	13.0%
Total	**4,434.8**	3,514.9	26.2%	**100.0%**	100.0%

Inspection Services Cluster

In recent years, inspection services has become a focus of development with its asset-light business model. The Group's inspection business was operated under its subsidiary "T-ALL Inspection". Currently, T-All Inspection has developed into the largest, full-license and full-service inspection services provider in the natural gas sector in the PRC. It is an inspection company with its core vision of lifting the utilization efficiency of oil and gas equipment and facilities, decreasing energy and materials consumption and achieving carbon neutrality. T-All Inspection has operated in major natural gas fields in the PRC such as Tarim, Sichuan, and Ordos and has achieved initial success in expanding into overseas markets in the Middle East, Central Asia, and Africa along the Belt and Road international markets.

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 testing 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 project under the Group's multi-entity operations strategy, the Group is now pursuing the spin-off of T-ALL Inspection for a separate listing in the capital market of Mainland China.

In 2023, the Group's revenue from inspection services was at a fast growth, which reached RMB445.9 million, representing an increase of 38.7% as compared to the revenue of RMB321.5 million in 2022.

EBITDA of the inspection services cluster increased by 19.3% to RMB140.0 million in 2023, from RMB117.4 million in 2022, and with an EBITDA margin of 31.4%, representing a decrease of 5.1 percentage point from 36.5% for the same period last year.

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

Oilfield Management Services Cluster

This cluster comprised of high-quality, asset-light management services. The Group leverages its full spectrum of oil and gas resources development technologies and oil and gas field management professionals to provide optimal oil and gas field management and ancillary services to help customers maximize their asset value. The Group targets markets such as Iraq, West Africa, and the PRC, among others, for oil field management services and has established strong relationships with customers through high-quality management services.

The Group had been highly praised by its customer in the Majnoon oilfield management services project since its kick-off in 2018, and the coverage of services has kept expanding. In addition, the Group's integrated oilfield management projects in the Chad market continues to operate stably. The Group is actively looking to further replicate this business model in the global emerging markets.

In 2023, the Group's oilfield management services cluster continued to achieve fast growth, with revenue of RMB1,617.9 million, representing an increase of 41.5% as compared to RMB1,143.6 million in 2022.

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 RMB1,033.9 million, up 36.2% from RMB759.2 million in 2022.

2) Oilfield operation and maintenance services: In 2023, the oilfield operation and maintenance service product line recorded revenue of RMB584.0 million, an increase of 51.9% from RMB384.4 million in 2022.

EBITDA of the oilfield management services cluster increased by 36.2%, from RMB440.6 million in 2022 to RMB600.2 million in 2023, with an EBITDA margin of 37.1%, a decrease of 1.4 percentage points from 2022.

Oilfield Technical Services Cluster

Oilfield technical services is a cluster that showcases the Group's traditional strengths in technical services. The Group has integrated technical services capabilities that cover the entire life cycle of oil and gas development, with reservoir geology technology as the core. It provides customers with technical services around geology, drilling, well completion, and stimulation as well as asset solutions in the industry. Its targeted services help customers enhance resource development efficiency and maximize reservoir asset value. The Group is also actively promoting green transformation, empowering the industry, and promoting low-carbon and green development in the industry.

During the year, the Group continued to promote the upgrading and transformation of oilfield technical services. Under the guidance of reservoir geology research, the Group launched production and efficiency enhancement research and optimization solutions, visualization and data monitoring solutions, as well as oil and gas well precision engineering technology solutions, in order to increase production and efficiency for oilfield customers and maximize the value of their reservoir assets.

In 2023, the Group's asset leasing business model underwent a major transformation, and no longer merely focuses on the traditional leasing of drilling tools. The Group has promoted "green development, anything is leasable" and upgraded its asset leasing business to a business that provides a series of green development solutions in the entire process of oil and gas development by connecting oil and gas companies, manufacturers and financial institutions, and is committed to helping oil and gas development achieve net-zero emissions. The asset leasing business has launched six solutions services: shared asset services, flexible treatment facility investment and operation service, conversion of energy consumption services, flaring gas recovery and emission cut services, new energy services, and distributed CCUS. It will further contribute to the Group's business upgrading and the industry's green transformation.

In 2023, revenue from the oilfield technical services cluster was RMB2,021.6 million, representing an increase of 26.8% from RMB1,594.5 million in 2022.

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

1) Drilling technical services: This product line recorded revenue of RMB390.4 million in 2023, representing an increase of approximately 1.9% compared to RMB383.2 million in 2022.

2) Well completion technical services: This product line recorded revenue of RMB210.8 million in 2023, representing a slight decrease of 12.4% compared to RMB240.6 million in 2022.

3) Stimulation technical services: This product line recorded revenue of RMB1,201.1 million in 2023, representing an increase of approximately 56.7% from RMB766.3 million in 2022.

4) Asset leasing series solutions: This product line recorded revenue of RMB219.3 million in 2023, representing an increase of 7.3% from RMB204.4 million in 2022.

EBITDA of the oilfield technical services cluster increased by 20.0% to RMB565.4 million in 2023 from RMB471.0 million in 2022, with an EBITDA margin of 28.0%, a drop 1.5 percentage points from 29.5% in 2022.

Drilling Rig Services Cluster

Drilling rig services cluster is an asset-heavy business. In the context of the Group's goal of comprehensive internationalization, asset-light and innovative business, the asset-heavy business is not the focus of the Group's development. The Group is committed to utilizing its existing high-quality drilling technology, its own drilling equipment and ecological partnership platform to integrate industry resources to achieve low-investment and efficient services.

In 2023, revenue from the drilling rig services cluster reached RMB349.4 million, representing a decrease of 23.3% from RMB455.3 million for the same period last year.

EBITDA of the drilling rig services cluster decreased by 26.2% to RMB107.7 million in 2023 from RMB146.0 million in 2022, with an EBITDA margin of 30.8%, a drop of 1.3 percentage points from 32.1% in 2022.

Alignment of Strategic Resources

In 2023, the Group continued to curb new capital expenditure, abided strictly with its "asset-light" business model and maintained "cash flow" focus. Capital expenditure for 2023 was RMB277.0 million, representing a decrease of RMB66.1 million from RMB343.1 million in 2022.

Alignment of Investment

In 2023, the Group primarily made supplementary investments in support of equipment deployed on ongoing projects.

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

In 2023, the Group focused on the practical needs of customers to increase production and reduce costs, and actively promoted technological innovation and upgrading of products and services with reservoir geology, precision engineering technology and intelligent technology as the core. In 2023, the Group invested RMB111.7 million in research and development ("R&D"), representing an increase of 39.1% from RMB80.3 million for the same period last year. Key R&D projects include:

– Gas Leaking Detection Supporting Equipment Upgrade Research and Development Project

– Intelligent Detection Platform Digital Research and Development Scientific Research Project

– Knowledge Management Intelligent Question and Answer Platform Project

– Optical Fiber Logging Supporting Research and Development Project

– Digital Rock Debris Skid-mounted Laboratory Construction Project

Alignment of Human Resources

In 2023, the Group actively expanded its business and further enhanced its internal operational and management efficiency through a series of management reforms and optimizations.

During the year, based on the OKR working method, the Group further optimised the standard of job appointments and implemented standardized operation procedures for all employees to further improve the delivery quality and efficiency of all employees. The Group further clarified the manpower and labour efficiency management and control objectives, formed a labour efficiency management and control system with indicators as the core, and deepened the concept of "rooted operation, cost reduction and efficiency improvement" into the minimum performance unit. In terms of organizational management, the Group made weekly organizational adjustments and timely arrangement of manpower, and flexibly implemented optimization adjustments according to the operating conditions of amoeba to achieve agile management.

The Group continues to attach importance to the recruitment and training of talents. During the year, the Group continued to increase its on-campus recruitment efforts, and provided more job opportunities for fresh graduates. At the same time, the Group has launched a global management trainee recruitment plan, actively attracting talents including petroleum professionals, Arabic-speaking talents, talents from key domestic universities and overseas universities to ensure the diversity of talents. At the same time, the Group relies on the "Petrochemical Innovation Academy" to provide various online courses for all employees of the Group, covering diversified knowledge and skills such as language ability training, petroleum professional technology, QHSE, management ability and digital intelligence skills, aiming to comprehensively strengthen talent training and promotion of talent upgrading.

As at 31 December 2023, the total number of employees of the Group was 6,510, representing an increase of 681 as compared to 31 December 2022, of which 3,367 were employees overseas, accounting for 51.7% of the Group's total number of employees.

OUTLOOK

In 2024, the situation in the international energy market is still complex, but as a whole, under the influence of geopolitical conflicts, oil and gas supply shortage is expected to continue to exist. The global energy transition plan has also returned from radical to rational. The global energy system transformation goal needs to be gradually advanced on the premise of ensuring energy security, stability, affordability, and sustainability. Therefore, the "basic market" of oil and gas supply still needs to be guaranteed, the upward cycle of oil and gas industry will continue, and it will continue to transform towards intelligence and low-carbonization, making oil and gas development efficient and clean in the future. The global energy transformation has also brought new opportunities for the Group's market development.

In terms of market, the Group will continue to deepen the transformation of global business and focus on the all-round expansion of international business. The Group's market strategy emphasizes sales-driven innovation to achieve changes in growth models. Under this strategy, the Group will comprehensively strengthen its sales force, establish a proactive and growth-oriented organization, and build a comprehensive global customer resource and market network. The Group will increase its investment in technology marketing, conduct in-depth research on customer needs, jointly innovate with customers, create breakthrough contributions for customers, and focus on providing customers with comprehensive personalized solutions. The Group also emphasizes sales-driven innovation in new products and services, continuously launches new products and services, and strives to promote the implementation of new products and services to make room for growth.

In terms of products and services, the Group further launched comprehensive solutions for oil and gas development aimed at achieving sustainable development for oil companies, so as to help customers improve resource development efficiency in all aspects of oil and gas development, including eight major solutions: oil and gas development overall solutions, production and efficiency enhancement research and optimization solutions, oil and gas development visualization and data monitoring solutions, oil and gas well precision engineering technology solutions, oil and gas development quality and safety inspection solutions, oil and gas development artificial intelligence solutions, oil and gas development asset leasing solutions, and oil and gas development external resource platform service solutions. In addition, during the year, the Group will focus on AI transformation, comprehensively promote AI services for all scenarios of oil and gas development, and integrate external technologies, computing power, large models and other artificial intelligence ecological resources based on all scenarios of oil and gas development. The Group has built an AI core team, and established and continuously optimized and upgraded Anton's AI service cloud platform to help customers achieve the implementation of AI services in all scenarios and achieve the large-scale development of the Group's AI service business.

In terms of management, the Group focuses on promoting innovation in cash flow management business models. The Group accelerates the collection of payments through the fine management of the whole process of operation and settlement, and reduces cash outflows through comprehensive cost control and fine management of the supply chain. The Group also improves liquidity through refined management of liquid assets, and reduces the occupation of liquidity through partner resource management and business financial reform. The Group uses the above measures to form a new business model that is asset-light, fast-turnover, and platform-based to continue to create healthy cash flow.

In terms of talent cultivation, the Group will further promote the recruitment and cultivation of creative talents, attract and introduce international, entrepreneurial and innovative talents externally, and strengthen the rapid growth of talents and apply the "survival of the fittest" concept internally, so as to enhance the vitality of the organization and build a team of innovative and entrepreneurial talents. With an excellent team, the Group can achieve long-term stable development.

In addition, the Group will continue to achieve the asset securitization of high-quality business, and rapidly promote the completion of the application for the listing of the inspection business in the domestic capital market. At the same time, the Group will steadily promote the asset securitization of other high-quality businesses and introduce high-quality strategic partners for common development.

The Group continues to implement sustainable development management and strives to promote green development with technology and efficient services. The Group actively fulfills its corporate social responsibilities, cultivates talents, contributes to the community, and works with all stakeholders to make progress together. With a scientific governance structure to ensure the sustainable growth of the enterprise, the Group has become a model for the industry.

FINANCIAL REVIEW

Revenue

The Group's revenue for 2023 was RMB4,434.8 million, representing an increase of RMB919.9 million, or 26.2%, from RMB3,514.9 million for the same period of 2022.

Costs of Sales

Cost of sales increased by 23.8% to RMB3,112.5 million in 2023, from RMB2,515.1 million for the same period of 2022, 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 decreased by RMB170.4 million from RMB153.1 million in 2022 to RMB-17.3 million in 2023.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Impairment losses under the expected credit loss model, net of reversal increased from RMB-43.5 million in 2022 to RMB89.8 million in 2023.

Selling Expenses

Selling expenses for 2023 were RMB195.9 million, representing an increase of RMB22.6 million, or 13.0%, from RMB173.3 million for the same period of 2022.

Administrative Expenses

Administrative expenses for 2023 were RMB293.5 million, representing an increase of RMB29.5 million, or 11.2% from RMB264.0 million for the same period in 2022.

R&D Expenses

R&D expenses for 2023 were RMB111.7 million, representing an increase of RMB31.4 million, or 39.1% from RMB80.3 million for the same period in 2022.

Sales Taxes and Surcharges

Sales taxes and surcharges were RMB13.4 million in 2023, representing a decrease of RMB0.3 million, or 2.2%, from RMB13.7 million for the same period in 2022.

Operating Profit

The Group's operating profit for 2023 was RMB600.7 million, representing a decrease of RMB64.5 million, or 9.7%, from RMB665.2 million for the same period of 2022. The operating profit margin for 2023 was 13.5%, representing a decrease of 5.4 percentage points from 18.9% for the same period of 2022.

Financing Costs, Net

Net financing costs for 2023 were RMB195.1 million, representing a decrease of RMB56.2 million, or 22.4%, from RMB251.3 million for the same period in 2022.

Income Tax Expense

Income tax expense for 2023 was RMB187.2 million, representing an increase of RMB64.3 million, or 52.3%, from RMB122.9 million for the same period in 2022.

Profit for the Period

The Group's net profit for 2023 was RMB220.6 million, representing a decrease of RMB77.0 million or 25.9% from RMB297.6 million for the same period in 2022.

Profit Attributable to Equity Holders of the Company

The Group's revenue attributable to equity holders of the Company for 2023 was RMB196.5 million, representing a decrease of RMB97.3 million or 33.1% from RMB293.8 million for the same period in 2022.

Trade and Notes Receivable

As at 31 December 2023, the Group's net trade and notes receivables were RMB2,441.0 million, representing a decrease of RMB406.4 million from 31 December 2022. The average trade receivable turnover was 169 days for 2023, representing a decrease of 29 days as compared to the same period of 2022.

Inventories

As at 31 December 2023, the Group's inventories amounted to RMB910.0 million, representing a decrease of RMB23.8 million as compared to 31 December 2022.

Liquidity and Capital Resources

As at 31 December 2023, the Group's cash and bank deposits were approximately RMB2,068.3 million (including restricted bank deposits, cash and cash equivalents), representing an increase of RMB862.4 million as compared to 31 December 2022.

As at 31 December 2023, the Group's outstanding short-term borrowings was RMB1,186.1 million. RMB977.1 million of the credit line granted to the Group by the PRC domestic banks has not been used.

As at 31 December 2023, the Group's gearing ratio was 55.7%, representing an increase of 3.8 percentage points from the gearing ratio of 51.9% as at 31 December 2022. 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 2023, the equity attributable to equity holders of the Company amounted to RMB3,187.5 million, representing an increase of RMB106.0 million from RMB3,081.5 million as at 31 December 2022.

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

During the twelve months ended 31 December 2023, 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 2023, the Group's cash flow from operating activities was a net inflow of RMB916.8 million, representing a decrease of RMB63.2 million as compared to the same period of 2022.

Capital Expenditure and Investment

For the twelve months ended 31 December 2023, the Group's capital expenditure was RMB277.0 million, representing a decrease of RMB66.1 million from the capital expenditure of RMB343.1 million in 2022.

Contractual Obligations

The Group's contractual obligations mainly consist of its capital commitments. As at 31 December 2023, the Group's capital commitments (but not yet provisioned in the consolidated statement of financial position) amounted to approximately RMB55.7 million.

Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities or guarantees.

Pledge of Assets

As at 31 December 2023, the Group's assets pledged for banking facilities were buildings and equipment with a net book value of RMB82.6 million, right-of-use assets with a net book value of RMB5.5 million, trade receivables with a net book value of RMB421.1 million and the restricted bank deposits of RMB20.0 million.

Off-Book Arrangements

As at 31 December 2023, the Group had no off-book arrangements.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.013 per Share for the year ended 31 December 2023 (31 December 2022: Nil) subject to approval at the forthcoming annual general meeting. The date for distribution of final dividend is expected to be on or around 11 June 2024 to shareholders whose names appear on the register of members of the Company on 3 June 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 24 May 2024 (Friday) 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

The register of members of the Company will be closed from 21 May 2024 (Tuesday) to 24 May 2024 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2024 AGM, all transfers accompanied by the relevant documentation and share certificates must be lodged with the Company's Branch 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 20 May 2024 (Monday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 30 May 2024 (Thursday) to 3 June 2024 (Monday), both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all 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 not later than 4:30 p.m. on 29 May 2024 (Wednesday).

CORPORATE GOVERNANCE

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

DIRECTOR'S SECURITIES TRANSACTIONS

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

PURCHASE, SALE, OR REDEMPTION OF THE LISTED SECURITIES

For the twelve months ended 31 December 2023, the Company repurchased an aggregate of USD5,000,000 of the 2025 Bonds due in 2025 with a coupon rate of 8.75% during the year.

During 2023, the trustee of the Company's Restricted Stock Incentive Scheme purchased a total of 86,758,000 shares of the Company in the secondary market with its own cash through the Restricted Share Incentive Scheme, representing 2.9% of the total number of issued shares of the Company as at the date of this announcement.

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.

SUBSEQUENT EVENT

No material events have occurred after 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in accordance with the requirements of the Listing Rules and the CG Code. The Audit Committee comprises all three existing independent non-executive Directors, namely Mr. ZHU Xiaoping (Chairman of the Audit Committee), Mr. ZHANG Yongyi, and Mr. WEE Yiaw Hin. The Audit Committee has reviewed the audited annual financial statements of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 as set out in the 2023 annual results announcement of the Company dated 28 March 2024 have been audited and agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the 2023 annual results.

PUBLICATION OF ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company (http://www.antonoil.com). The annual report of the Company for the year ended 31 December 2023, which contains all the data required by the Listing Rules, will be distributed in due course to the shareholders of the Company and posted on the above-mentioned websites for review.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the Group's Executive Directors are Mr. LUO Lin, Mr. PI Zhifeng, and Mr. FAN Yonghong; Non-Executive Director is Mr. HUANG Song; and Independent Non-executive Directors are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping, and Mr. WEE Yiaw Hin.