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

安 東 油 田 服 務 集 團
Anton Oilfield Services Group
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3337)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- The Group's consolidated revenue increased by 15.0% from RMB1,892.4 million in the first half of 2023 to RMB2,176.3 million in the same period of 2024.
- The Group's net profit increased by 7.9% from RMB103.4 million in the first half of 2023 to RMB111.6 million in the same period of 2024.
- Profit attributable to equity holders of the Company increased from RMB97.9 million in the first half of 2023 to RMB105.9 million in the same period of 2024, representing an increase of 8.2%.
- The Company's net operating cash inflow increased by RMB4.5 million from RMB341.2 million in the first half of 2023 to RMB345.7 million in the same period of 2024.
- Free cash flow increased by 15.1% to RMB197.2 million compared with RMB171.4 million in the same period in 2023.

RESULTS

The Board of Directors (the "**Board**") of Anton Oilfield Services Group (the "**Company**") wishes to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2024 (hereinafter referred to as the "**first half of 2024**" or the "**Reporting Period**") and the comparable figures for the same period of 2023 as follows.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(Amounts expressed in thousands of Renminbi ("RMB"), unless otherwise stated)

	Notes	**As at 30 June 2024 *(Unaudited)***	As at 31 December 2023 *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,716,891**	1,808,227
Right-of-use assets		**107,294**	116,027
Investment properties		**3,196**	3,801
Goodwill		**253,630**	253,630
Intangible assets		**333,273**	333,081
Interest in a joint venture		**2,600**	2,570
Interests in associates		**21,253**	29,641
Financial assets at fair value through profit or loss ("FVTPL")		**96,523**	91,310
Prepayments and other receivables		**130,601**	120,600
Deferred income tax assets		**28,403**	24,452
		2,693,664	2,783,339
Current assets			
Inventories		**894,655**	910,021
Trade and notes receivables	*5*	**2,312,791**	2,441,035
Contract assets		**19,107**	24,728
Prepayments and other receivables		**1,476,674**	1,579,486
Restricted bank deposits		**442,319**	482,379
Cash and cash equivalents		**1,773,682**	1,585,886
		6,919,228	7,023,535
Total assets		**9,612,892**	9,806,874
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**276,274**	276,274
Reserves		**3,016,521**	2,911,265
		3,292,795	3,187,539
Non-controlling interests		**246,154**	233,347
Total equity		**3,538,949**	3,420,886

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

	Notes	**Six months ended 30 June** **2024** ***(Unaudited)***	2023 *(Unaudited)*
Revenue			
Contracts with customers	7	**2,046,672**	1,803,858
Rental	7	**129,649**	88,579
Total revenue	7	**2,176,321**	1,892,437
Cost of sales	8	**(1,517,678)**	(1,333,093)
Gross profit		**658,643**	559,344
Other gains, net		**6,141**	10,082
Impairment losses under expected credit loss model, net of reversal	8	**(32,515)**	(35,504)
Selling expenses	8	**(115,641)**	(85,410)
Administrative expenses	8	**(152,980)**	(122,152)
Research and development expenses	8	**(49,283)**	(43,277)
Sales tax and surcharges		**(8,184)**	(5,225)
Operating profit		**306,181**	277,858
Interest income		**20,589**	11,058
Finance expenses		**(102,495)**	(99,612)
Finance costs, net	9	**(81,906)**	(88,554)
Share of profit of a joint venture		**30**	74
Share of profit of associates		**3,926**	3,343
Profit before income tax		**228,231**	192,721
Income tax expense	10	**(116,668)**	(89,368)
Profit for the period		**111,563**	103,353
Profit attributable to:			
Owners of the Company		**105,874**	97,872
Non-controlling interests		**5,689**	5,481
		111,563	103,353
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	11	**0.0368**	0.0333
– Diluted	11	**0.0367**	0.0330

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2024
(Amounts expressed in thousands of RMB, unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to IFRSs

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Geographical Information

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

Note:

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

Client information

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

5. TRADE AND NOTES RECEIVABLES

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

Notes:

(a) Aging analysis based on the invoice date:

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

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

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

(d) Allowance for impairment of trade receivables

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

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

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

6. TRADE AND NOTES PAYABLES

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

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

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

7. REVENUE

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

Disaggregation of revenue

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

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

Segments	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
	For the six months ended 30 June 2024			
Revenue disclosed in segment information				
External customers *(Note 4)*	**981,560**	**900,617**	**125,867**	**168,277**
Rental income	**(129,649)**	**–**	**–**	**–**
Revenue from contracts with customers	**851,911**	**900,617**	**125,867**	**168,277**

Segments	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
	For the six months ended 30 June 2023			
Types of goods or service				
Sales of goods	93,437	–	–	–
Provision of services	604,041	751,039	182,278	173,063
Total	697,478	751,039	182,278	173,063

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

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

	For the six months ended 30 June 2023			
Segments	Oilfield technical services	Oilfield management services	Drilling rig services	Inspection services
Revenue disclosed in segment information				
External customers *(Note 4)*	786,057	751,039	182,278	173,063
Rental income	(88,579)	–	–	–
Revenue from contracts with customers	697,478	751,039	182,278	173,063

8. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
Materials and services purchased	**711,484**	632,193
Staff costs	**564,844**	450,402
In which:		
– Salaries and other staff expenses	**552,778**	443,080
– Share-based compensation	**12,066**	7,322
Depreciation	**169,083**	183,450
In which:		
– Property, plant and equipment	**156,590**	166,939
– Right-of-use assets	**11,888**	15,736
– Investment properties	**605**	775
Less: Capitalised in inventories	**(24,932)**	(20,292)
	144,151	163,158

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
Amortisation of intangible assets	**26,995**	26,551
Less: Capitalised in inventories	**(4,098)**	(3,335)
	22,897	23,216
In which:		
– Cost of sales	**20,668**	21,043
– Administrative expenses	**504**	486
– Selling expenses	**10**	–
– Research and development expenses	**1,715**	1,687
Other operating expenses	**424,721**	350,467
In which:		
– Impairment of receivables	**32,515**	35,504
– Impairment of inventories	**6,408**	7,279

9. FINANCE COSTS, NET

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

10. INCOME TAX EXPENSE

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

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

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

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

11. EARNINGS PER SHARE

(a) Basic

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

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

Note:

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

(b) Diluted

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

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

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

12. DIVIDENDS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

Market

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

Products and Services

With eight full-round comprehensive solutions for the future development of oil companies, the Group meets customers' comprehensive and diversified development needs in the whole process of oil and gas development, and continuously optimizes and upgrades its products and services.

During the period, the Group achieved another major breakthrough in its oilfield management business model in the Iraq market, and successfully won the bid for the development right of Dhufriyah oilfield in the supplementary fifth and sixth rounds of bidding for oil and gas field blocks in Iraq. The Group will participate in the development of the block as operator for a period of 25 years. Winning the bid marks a key step for the Group in the field of oil and gas development and a new milestone in the development of its business in Iraq.

The Group's online platform ecosystem, such as Anton Oil & Gas Mall (安同油氣商城), Oil & Gas Exposition(油氣展館), Oil Mates We Media (石油同學自媒體), etc., continued to help the Group to expand its market influence, to empower its business development, and its digital intelligence sales continuously strengthens its competitiveness of platform resources.

In addition, in the first half of this year, the development of artificial intelligence technology accelerated, and new models and business forms emerged in the digital integration of global industries. The Group continued to accelerate its digital and intelligent transformation, successfully launched a professional and open big model artificial intelligence platform for the oil and gas industry, proposed the artificial intelligence solution for oil and gas development, and officially launched the GPT cloud platform, a professional and open big model for the global oil and gas industry, striving to promote the development of artificial intelligence solutions for the oil and gas industry.

Management

The Group continued to emphasize cash flow operations, strengthened full-cycle cost control, optimized debt structure, achieved cost reduction and efficiency gains as well as sustained strong cash flow performance. In the first half of the year, the Group achieved net operating cash inflow of RMB345.7 million and free cash flow of RMB197.2 million. The Group further broadened its co-operation with financial institutions and the amount of bank facilities granted continued to grow.

In order to better support the Group's global business development, the Group further optimized and adjusted its organizational structure and operation management system, and reallocated head offices of series of operation management departments to Dubai, so as to better approach and support the global business developments. Meanwhile, the Group further recruited outstanding talents with international vision and working ability to join the Group globally, and continuously strengthened the construction of globalized talents pools to empower the business.

In addition, the Group has further deepened its management informationisation, optimized and upgraded its internal data integration platform to realize the real-time automatic presentation of data and information on various indicators such as operations, business and finance, and to achieve data interconnection and interoperability, with a significant increase in data accuracy, which has significantly improved its management efficiency, accelerated its business growth, and effectively supported its business development.

The Group also attached great importance to investor value and shareholders' return, and resumed its annual dividend payment instantly after the Group's performance recovered from the effect of the epidemic. The full-year dividend for 2023 of approximately RMB39.0 million was paid in cash after it was approved by shareholders at the general meeting in May. In addition, the Group has also made proactive market capitalization management and initiated share buybacks at appropriate times in light of market conditions and cash on hand, to enhance shareholders' returns.

Environmental, Social and Governance (ESG)

Focusing on the Group's medium- and long-term carbon reduction targets, the Group has continued to maximize emissions reductions in its own operations and help its customers to achieve emissions reductions through innovations in technology and service models, as well as efficiency improvements in management and operations. The Group actively fulfills its social responsibilities by actively participating in community welfare and poverty alleviation work in China. In the overseas, the Group continues to provide active assists in countries and regions where the Group operates in material donations, technology communications, talent training, etc. The Group continues to strengthen the recruitment and training of localized talents and promote technological innovation based on the concepts of openness, inclusiveness, fairness and diversification, so as to positively contribute its corporate strengths to the development of the society.

In July, S&P Global released the 'Sustainability Yearbook (China Edition) 2024', and the Group was successfully selected as one of the companies in the yearbook, which is the first time for a Chinese oilfield service company to receive this recognition, signifying that the Group's unremitting efforts in sustainable development have achieved solid results; in addition, the Group was once again selected as a winner of the sixth 'China's Excellent Managed Companies' award released jointly by Deloitte China, the Bank of Singapore, the Hong Kong University of Science and Technology's School of Business, and the Chinese edition of the Harvard Business Review. These accolades are a testament to the Group's continuous efforts and outstanding performance in its vision of 'becoming a model for the harmonious development of people and the environment'.

Performance Results

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

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

Geographical Market Analysis

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

Breakdown of Revenue by Market

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

Overseas Markets

Iraq

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

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

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

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

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

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

Other Overseas Markets

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

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

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

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

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

Domestic Market

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

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

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

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

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

Business Cluster Analysis

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

Revenue Breakdown by Cluster

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

Inspection services

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

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

As the first asset securitization project under the Group's multi-entity business strategy, the Group is now promoting the spin-off of T-All Inspection for an independent listing in the capital market of Mainland China. Due to the current macro capital market conditions, the Group is expected to delay the listing plan. In order to avoid the listing project from being restricted by the required listing time and other restrictions stipulated in the investment agreement signed by the previously introduced strategic investors of T-All Inspection and the corresponding negative financial impacts it will lead, the Group has resolved to propose to the strategic investors to repurchase the shares of T-All in cash, after the discussion and approval by the board of directors of T-All Inspection and the Group. The Group has formally issued a letter of proposal for the share repurchase to the strategic investors of T-ALL Inspection on 22 August 2024 and will make further announcement to the market in compliance with the Listing Rules after reaching an agreement with the investors on the repurchase and signing the repurchase agreement. If the Group is able to reach an agreement with the investors on the proposal and repurchase the relevant shares in cash, it is expected that additional cash outflow for the year will be approximately RMB250.0 million. The repurchase is not expected to have a material impact on the net profit of the Group's consolidated financial statements for the year 2024, as the investment from the strategic investors has been recognized as a liability in the Group's consolidated financial statements and interest expense has already been recorded accordingly. As the proposed repurchase is subject to agreement with the strategic investors and other conditions, it may or may not proceed, shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

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

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

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

Oilfield Management Services

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

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

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

Analysis of major product lines in this cluster:

1) Integrated oilfield management services: During the Reporting Period, revenue from the integrated oilfield management services product line amounted to RMB546.8 million, representing an increase of 10.2% as compared to RMB496.1 million in the corresponding period last year.

2) Oilfield operation and maintenance services: In the first half of 2024, revenue from the oilfield operation and maintenance services product line amounted to RMB353.8 million, showing an increase of 38.8% compared with RMB254.9 million in the corresponding period of 2023.

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

Oilfield Technical Services

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

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

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

Analysis of the oilfield technical services byproduct line:

1) Drilling technical services: In the first half of 2024, this product line recorded revenue of RMB181.5 million, representing an increase of approximately 35.8% from RMB133.7 million in the same period last year.

2) Well-Completion technical services: In the first half of 2024, this product line recorded revenue of RMB156.9 million, an increase of approximately 58.5% from RMB99.0 million in the same period last year.

3) Stimulation technical services: In the first half of 2024, this product line recorded revenue of RMB508.5 million, representing an increase of approximately 12.4% from RMB452.5 million in the first half of 2023.

4) Asset leasing services: In the first half of 2024, this product line recorded revenue of RMB134.6 million, reflecting an increase of 33.4% from RMB100.9 million in the same period last year.

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

Drilling Rig Services

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

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

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

Alignment of Strategic Resources

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

Alignment of Investment

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

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

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

– Research on fracturing visualization monitoring and evaluation technology;

– Research and development of ultra-high temperature oil-based drilling fluid technology;

– Development of high-performance special completion tools;

– Research and development of sand prevention serialization tools;

– Research and development of non-destructive inspection technology

Alignment of Human Resources

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

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

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

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

OUTLOOK

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

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

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

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

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

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

FINANCIAL REVIEW

Revenue

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

Costs of Sales

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

Other Gains, Net

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

Impairment Loss under Expected Credit Loss Model, net of reversal

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

Selling Expenses

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

Administrative Expenses

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

R&D Expenses

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

Sales Taxes and Surcharges

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

Operating Profit

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

Net Financing Costs

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

Income Tax Expense

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

Profit/Loss for the Period

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

Profit/Loss Attributable to Equity Holders of the Company

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

Trade and Notes Receivables

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

Inventories

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

Liquidity and Capital Resources

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

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

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

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

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

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

Currency Risk

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

Cash Flow from Operating Activities

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

Capital Expenditure and Investment

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

Contractual Obligations

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

Contingent Liabilities

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

Asset Collateralization

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

Off-Book Arrangements

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

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE

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

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

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

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

SUBSEQUENT EVENT

No material events have occurred after 30 June 2024 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 unaudited interim financial statements of the Group for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (http://www.antonoil.com).

The interim report of the Company for the six months ended 30 June 2024 will be made available on the abovementioned websites in due course.

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

Hong Kong, 27 August 2024

As at the date of this announcement, the Company’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.