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安東油田服務集團
Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

Announcement

Operational Update on the First Quarter of 2014 and Outlook for the Second Quarter for 2014

The Board of Directors (the “**Board**”) of Anton Oilfield Services Group (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the operational update and order backlog for the three months from 1 January 2014 to 31 March 2014 (the “**Quarter**”).

OPERATIONAL OVERVIEW OF THE FIRST QUARTER OF 2014

In 2014, on the domestic front, oil companies maintain their investment plans for exploration and development, continue to intensify natural gas development efforts and actively advance the development of shale gas projects. The Tarim, Erdos and Sichuan basins remain key basins for natural gas development. During the Quarter, oil companies, as their positive response to the call for market-based reform, accelerated the opening up of the market, bringing about more opportunities to independent oilfield services companies. Thanks to its proactive deployment of rig and pressure pumping service capacities and operational experience accumulated for a period of time, the Group has established a credible track record and was therefore able to gain a first-mover advantage in the bidding for equipment services from oil companies. The Group won bids successfully in major rig service and pressure pumping service tenders, creating a larger order backlog. Meanwhile, in response to the requirements of the national energy strategy, oil companies have stepped up investment to actively press ahead with shale gas exploration and development, and to start pilots for tight oil development, thus creating excellent opportunities for the Group’s integrated services. Market opening and unconventional oil and gas development have opened up new market space for the Group’s development.

On the overseas front, business opportunities in the Group's key markets have emerged frequently. In Iraq, the market showed a shortage of services supply. With "the Best" brand, the Group continued to expand services coverage on existing projects and intensify efforts to penetrate into the markets of international oil companies and national oil companies. In the Americas, the business in Colombia continued to flourish with new batch orders attained and development in the region was full of vitality.

OPERATIONAL UPDATE ON THE FIRST QUARTER OF 2014

During the Quarter, the Group operated smoothly, with its jobs in all regions advancing on schedule and work volume building up steadily. Due to normal industry seasonality, operations of certain projects were not commenced in the Quarter and will gradually resume in the next quarter. The Group's priority for the Quarter was to prepare itself for and participate fully in tendering opportunities in all regions. QHSE management was further enhanced with reference to global best practice to support the growing work volume.

ORDERS IN THE FIRST QUARTER OF 2014

The Group recorded new orders of approximately RMB1,198.6 million awarded during the Quarter, among which approximately RMB628.2 million was new orders from the domestic market and approximately RMB570.4 million was new orders from the overseas market. Out of the major orders newly awarded, the Group made an initial success in large public tenders for its rig service and pressure pumping service. All of the Group's self-owned rigs, either delivered or under construction, have received annual orders in the Erdos Basin and the Sichuan Basin. Pressure pumping service gained an annual order contract in the Erdos Basin and also became market-ready ahead of time for the development of large shale gas projects. In tight oil development, the Group's newly launched reservoir production management service won the bid for a horizontal well single-well general contract service project. In Iraq, oil production service was awarded the Halfaya CPF-2 operation and maintenance service contract.

As at 31 March 2014, the order backlog of the Group was approximately RMB1,932.2 million, of which the order backlog in the domestic market was approximately RMB1,207.4 million, and the order backlog in the overseas market was approximately RMB724.8 million.

Notes:

- To better reflect its business model, the Group moves to disclose quarterly operational data by the value of new orders awarded during every quarter and the value of order backlog at the end of each quarter and ceases to disclose quarterly operational data by well counts. The change of disclosure is effective from the quarterly operational update on the first quarter of 2014.

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

PROGRESS IN BUILDUP OF SERVICE CAPACITY IN THE FIRST QUARTER OF 2014

During the Quarter, the Group continued to advance the buildup of service capacity in support of its integrated-service strategy. On the investment in regular services equipment, two new rigs were delivered during the Quarter. As at 31 March 2014, six rigs had been delivered and one more rig expected to arrive in the second quarter and an aggregate of seven rigs have secured order commitment. During the Quarter, the Group placed the order for 25,000 HHP additional pressure pumping service capacity, which is expected to arrive in the third quarter.

On the establishment of product lines, during the Quarter, the Group accelerated the development of production capacity for fracturing proppant which already entered the final stage of completion. It also vigorously developed third-party specialist inspection service under tubular services through increased investment in service capabilities for instruments and apparatus inspection. The Group made its full efforts in the development of new product lines under drilling technology, well completion, down-hole operation and oil production.

On human resources, during the Quarter, the Group actively sought industry leaders for its talent program to support its product line development and the implementation of its regionalization strategy.

OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2014

Looking into the second quarter of 2014, the industry will enter an active season. On the domestic front, the opening up of the market will further intensify. Oil companies will quicken their pace of unconventional oil and gas development. On the overseas front, markets will gradually turn more visible. In the meantime, increased competition brought by the opening up of the domestic market, political uncertainties in the overseas market and the Group's cost pressure will continue. Opportunities and challenges co-exist.

In the second quarter, the Group will fulfill its orders according to schedule. Operations of rig service and pressure pumping service are estimated to be fully commenced. The work volume is expected to continue to rise. Around the end of the second quarter, the Group will enter the peak time in operations through the second half of the year.

In the second quarter, the Group will accelerate business expansion. Domestically, in the Tarim Basin, Erdos Basin and Sichuan Basin, the Group will aim to expand its shares in such regional markets through the introduction of more service offerings in existing product lines, the launch of new product lines and further promotion of the integrated service general contract model. Meanwhile, it will quicken the pace of marketing for products and services in the shale gas and tight oil and gas segments and roll out integrated services through general contracting. In overseas market, it will continue to develop the market in Iraq while actively exploring the South America market by securing new projects further to its incipient success in Colombia.

In the second quarter, in terms of service capacity building, one additional rig is expected to arrive. Efforts will continue to procure the deliveries of pressure pumping and coiled tubing equipment. New product lines will be developed actively. In terms of human resources, more efforts to search for industry leaders will be made to support product line development. In terms of branding, the Group will attend the Offshore Technology Conference (OTC) in Houston in May to showcase its brand as “the best independent Chinese oilfield services partner, the best Chinese partner worldwide” in the world’s foremost event in the industry and to harness the value of its brand to support business development.

Disclaimer:

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

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

Hong Kong, 21 April 2014

As at the date of this announcement, the executive Directors of the Company are Mr. LUO Lin, Mr. WU Di and Mr. LIU Enlong; the non-executive director is Jean Francois POUPEAU; and the independent non-executive Directors are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WANG Mingcai.