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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 for the First Quarter of 2013 and Outlook for the Second Quarter of 2013

The Board of Directors of Anton Oilfield Services Group (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce its operational update and order backlog for the three months from 1 January 2013 to 31 March 2013 (the “**Quarter**” or “**during the period**”).

OVERVIEW

2013 continued the positive momentum of the previous year. Domestically, natural gas development remained buoyant and clients continued to expand the investment in development in major natural gas basins. Thanks to full preparations in 2012, the Group implemented in the Quarter the strong order backlog secured in advance and continued to drive the growth of all businesses. The Group seized the opportunity for natural gas development at home and actively promoted the integrated service model, which had confirmed intents for partnership from multiple parties. Meanwhile, the Group underscored the importance of gaining high-volume business through strategic partnerships. In the Quarter, the Group signed strategic partnership agreements on pressure pumping services in the Sichuan Basin and Erdos Basin which provided solid order backlog for the future growth of this business. In overseas markets, the Group continued to anchor its business in the Middle East. In Iraq, it introduced directional drilling services in the Halfaya project and actively developed business in the Buzurgan project. In South America, the Group continued to explore market opportunities in the region.

OPERATIONS IN THE FIRST QUARTER OF 2013

In the Quarter, market demand showed an upward trend. For its core business of oil and gas development technical services, the Group completed a total of 281 jobs (exclusive of oil production services), an increase of 36 jobs from 245 jobs in the same quarter last year. The signature services saw steady growth compared with the same period of last year. For multistage fracking services, backed by strong orders awarded last year, a total of 31 jobs were completed during the Quarter, up by 11 jobs from 20 jobs completed in the same quarter last year; the service was actively promoting the use of proprietary tools in a bid to broaden its market. For coiled tubing services, 82 jobs were completed in the Quarter, up by 33 jobs from 49 jobs completed in the same quarter last year. During the Quarter, the Group successfully promoted and implemented coiled tubing services to deploy casing multistage fracking in China's shale gas wells with additional orders already secured from this new service offering, while in the overseas market, coiled tubing services made its entry in the Buzurgan project in Iraq with strong market potentials ahead. For directional drilling services, 21 jobs were completed in the Quarter, up by 4 jobs from 17 jobs completed in the same quarter last year. A 2 fixed years plus 1 optional year contract was signed to launch this service in the Halfaya project in Iraq. For oil-based drilling fluid services, 2 jobs were completed in the Quarter, there is no year-on-year comparison since the department was only in the setup process in the same quarter last year. During the Quarter, oil-based drilling fluid services continued to develop the high-end market in the Tarim Basin while it has also opened up the shale gas market in the Southwestern region. For pressure pumping services, although no jobs were executed due to the winter break during the Quarter, the Group signed strategic partnership agreements in the Sichuan and Erdos Basins with state-owned oilfield services companies. Those agreements represent an important strategic move to the business development of the service as they will be translated into solid order backlog ahead.

In view of the growing demand for land rigs arisen from the provision of integrated services, the Group was in active preparation to invest in its own rigs to support its integrated service offering. In the Quarter, 1 job of rig service was completed by the new department set up at the beginning of the year using third-party resources. As the rig service has already entered the marginal block markets in the Sichuan Basin and strong demand was shown in other regions as well, the order backlog has been quickly built up. As soon as the self-invested rigs are delivered during the next quarter, operation will move full steam ahead.

The supplementary business — tubular services — renewed annual contracts in the Quarter. This would provide stable work volume for the full year.

DEVELOPMENT OF NEWLY WON MAJOR TENDERS OR MAJOR CONTRACTS SIGNED

- As for tight oil and gas, strategic partnership framework agreements were signed with two state-owned oilfield services companies in the Sichuan Basin and Erdos Basin and the Group was chosen as a preferred vendor of pressure pumping services for the partners.
- As for shale gas, in the Sichuan Basin, a contract was signed to provide coiled tubing services to operate casing multistage fracking for one well, and a contract signed to provide oil-based drilling fluid service for two wells.
- As for marginal blocks, in the Sichuan Basin, the Group signed a rig-driven turkey contract for drilling and well completion services for a drilling platform.
- As for other areas, in the Tarim Basin, an annual tubular leasing contract was signed.
- In the Halfaya project in Iraq, a 2 fixed years plus 1 optional year contract was signed for directional drilling services.

PROGRESS IN ALIGNMENT OF STRATEGIC RESOURCES

In the Quarter, the Group added 3 operating units of directional drilling, increasing the number of directional drilling units to 23. It inspected the arrival of two sets of coiled tubing equipment, which will bring the number of coiled tubing service units to 7. For pressure pumping services, the Group was actively building up new hydraulic horsepower service capacity. To develop rig services, the drilling company was newly established and it was pushing ahead the upcoming delivery of the three land rigs while the first drilling operating unit was already built. The construction of various domestic industrial bases was progressing as scheduled.

In human resources, in light of the tremendous demand for talents, the Group's recruitment efforts have been further escalated. The planned headcount of graduate hires for 2013 was increased from 400 as originally planned to 600.

OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2013

Looking into the second quarter, the industry will see robust market activities. Domestically, the Group will continue to focus on the services for conventional gas and tight gas development, while beginning to kick off the shale gas development market and also seizing the latest opportunities in the underground gas storage market. Integrated services and regular services will propel new orders for the Group. The Group's prior marketing efforts and contract negotiations for a number of projects will likely be finalized, not the least on integrated projects, rig-driven turnkey contracts for drilling, well completion turnkey contracts, pressure pumping services, and tubular services for repairing, testing and leasing. In the overseas markets, the Group remains committed to expanding the Middle East market and will actively pursue opportunities in South America.

ALIGNMENT OF STRATEGIC RESOURCES

In the second quarter, the Group will further implement the integrated service strategy and strengthen the capabilities in oil reservoir evaluation to support the service model of having oil and gas development to promote integrated services. The Group will also facilitate the construction of service capacity to support the integrated services of Tongzhou IPM, the joint venture company with Schlumberger. For the building of equipment resources, the Group will push ahead the delivery of rigs and directional drilling equipment, while accelerating the addition of new hydraulic horsepower capacity. In human resources, the Group will continue to attract and develop talents as strategic assets and accelerate the development of a management system for the internationalization of human resources. For financing, the Group will complete the issuance of the second tranche of medium-term notes on schedule.

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

Hong Kong, 16 April 2013

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 of the Company is Mr. Jean Francois POUPEAU, and the independent non-executive Directors of the Company are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WANG Mingcai.

APPENDIX:

**OPERATIONAL SUMMARY OF OIL AND GAS FIELD DEVELOPMENT
TECHNICAL SERVICES**

Business Cluster	Major Product Classification	Number of jobs completed in the Quarter (Well counts)			Number of jobs completed in the same quarter 2012 (Well counts)			Year-to-date total number of jobs completed (Well counts)			Remark
		Domestic	Overseas	Sub-total	Domestic	Overseas	Sub-total	Domestic	Overseas	Sub-total	
Drilling Technology Cluster	Directional drilling services	13	8	21	10	7	17	13	8	21	—
	Drilling fluid services	2	—	2	—	—	—	2	—	2	—
	Integrated services	—	—	—	2	—	2	—	—	—	—
	Rig services	1	—	1	—	—	—	1	—	1	—
	Sub-total	16	8	24	12	7	19	16	8	24	—
Well Completion Cluster	Well completion integration services	12	17	29	22	17	39	12	17	29	Well completion service work volume is disclosed only by the number of jobs performed and excludes products sold independently.
	Gravel packing services	89	—	89	87	—	87	89	—	89	Gravel packing service work volume is disclosed only by the number of jobs performed and excludes products sold independently.
	Sub-total	101	17	118	109	17	126	101	17	118	—
Down-hole Operation Cluster	Multistage fracking services	31	—	31	20	—	20	31	—	31	—
	Coiled tubing services	49	33	82	20	29	49	49	33	82	—
	Pressure pumping services	—	1	1	—	—	—	—	1	1	—
	Tubular helium testing services	25	—	25	31	—	31	25	—	25	—
	Oil production services	—	—	—	—	—	—	—	—	—	Project management model is adopted, job number will not be available for disclosure.
	Sub-total	105	34	139	71	29	100	105	34	139	—
Total		222	59	281	192	53	245	222	59	281	—

OPERATIONAL SUMMARY OF TUBULAR SERVICES

Business Cluster	Major Product Classification	Number of jobs completed in the Quarter (Number of tubular pipes)			Number of jobs completed in the same quarter 2012 (Number of tubular pipes)			Year-to-date total number of jobs completed (Number of tubular pipes)			Remark
		Domestic	Overseas	Sub-total	Domestic	Overseas	Sub-total	Domestic	Overseas	Sub-total	
Tubular Services Cluster	Inspection and Evaluation (tubular inspection)	218,398	15,593	233,991	127,113	12,550	139,663	218,398	15,593	233,991	—
	Operation Management and Repair (repair, welding, coating)	68,626	1,631	70,257	40,825	610	41,435	68,626	1,631	70,257	—
	Tubular Leasing	521,739	—	521,739	326,000	—	326,000	521,739	—	521,739	Tubular leasing service is measured in terms of the number of tubular pipe days

**ORDER BACKLOG OF OIL AND GAS FIELD DEVELOPMENT
TECHNICAL SERVICES**

Business Cluster	Major Product Classification	Confirmed jobs in the backlog as of 31 March 2013 (Well counts)			Remark
		Domestic	Overseas	Sub-total	
Drilling Technology Cluster	Directional drilling services	17	9	26	—
	Drilling fluid services	12	—	12	—
	Integrated services	7	—	7	—
	Rig services	8	—	8	—
	Sub-total	44	9	53	—
Well Completion Cluster	Well completion integration services	45	60	105	—
	Gravel packing services	130	—	130	—
	Sub-total	175	60	235	—
Down-hole Operation Cluster	Multistage fracking services	66	—	66	—
	Coiled tubing services	38	50	88	—
	Pressure pumping services	75	—	75	—
	Tubular helium testing services	42	—	42	—
	Oil production services	—	—	—	Already switched to a project management service model and disclosure by number of jobs is no longer available.
	Sub-total	221	50	271	—
	Total	440	119	559	—

Notes:

- The confirmed jobs in the backlog are completed in different progress within the agreed contract period of the order, and the progress of job completion depends on many factors, including but not limited to the construction plans of the clients, the progress of upstream operations, weather conditions, and the availability of all service resources.
- Most of the jobs in the backlog mentioned above will be completed in the next 12 months.

ORDER BACKLOG OF TUBULAR SERVICES

Business Cluster	Major Product Classification	Confirmed jobs in the backlog as of 31 March 2013			Remark
		Domestic	Overseas	Sub-total	
Tubular Services Cluster	Inspection and Evaluation (tubular inspection)	170,229	26,301	196,530	—
	Operation Management and Repair (repair, welding, coating)	99,720	7,414	107,134	—
	Tubular Leasing	790,248	—	790,248	Tubular leasing service is measured in terms of the number of tubular pipe days