

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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 Fourth Quarter of 2012 and Outlook for the First 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 October 2012 to 31 December 2012 (the “**Quarter**” or “**during the period**”) .

#### OVERVIEW

In 2012 (the “**Year**”), the domestic natural gas market witnessed an accelerated growth, with favorable policies introduced one after another, and the Group’s clients increased spending in major blocks. In the overseas market, investors from China boosted investments and sped up execution of development plans in their strategic areas including the Middle East and Latin America. Amid continuous growth in market demand, the Group enhanced its integrated service capacity to provide its clients with solutions that effectively address their requirements of expanding output and improving efficiency, enabling the Group to harvest fruitful results in each of its service areas. The Group’s total number of jobs completed for the Year reached 2,124.

During this Quarter, the Group’s market development remained robust and its performance exceeded targets in many of its business clusters. At the year end, it won multiple batch orders scheduled to generate workload the following year, having laid a concrete foundation for the business development in the new year.

## **OPERATIONS IN THE FOURTH QUARTER OF 2012**

During the Quarter, market demand exceeded the Group's expectation. A total of 494 jobs (exclusive of oil production services) were completed for the Group's core business — oil and gas development technical services, representing an increase of 16 jobs as compared with 478 jobs in the last quarter. Together with the 47 jobs completed for the oil production services during the Quarter, the Group completed a total of 541 jobs. As provision of oil production services has shifted to a project management model rather than provision of services by the number of jobs, the Group does not disclose job number of related services starting from 2013.

The major services saw steady growth compared with the same period of last year. For multistage fracking services, a total of 47 jobs were completed during the Quarter, representing a peak for the Year. Meanwhile, the Group secured batch orders in multistage fracking from China Petroleum & Chemical Corporation (Sinopec) for the third time in a row, bringing the total number of contracted jobs won from the customer to approximately 120. For coiled tubing services, a total of 153 jobs were completed during the Quarter, of which 75 were completed domestically and 78 in overseas markets. During the period, several coiled tubing jobs were completed for shale gas wells in China. For directional drilling services, a total of 25 jobs were completed during the Quarter, of which 14 were completed domestically and 11 overseas. During the period, the directional drilling services achieved diversification in sourcing technologies through increasing the number of partners. In the overseas market, the Group successfully renewed the directional drilling framework contract for the Ahdeb project in Iraq under the term of "one firm plus one optional year". As for the Group's integrated services, two jobs were completed during the Quarter.

Remarkable results were also recorded during the Quarter for the two services newly introduced this Year — for oil-based drilling fluid services, 7 jobs were completed and batch order contracts for 5 high-temperature high-pressure wells in the Tarim Basin were also secured, ensuring future large-scale promotion of such service in this region. The Group officially commenced operations in pressure pumping services during the Quarter with 56 jobs completed during the period, and started preparations for initiating cooperation with oilfield service subsidiaries of the oil majors.

The supplementary business — tubular services — implemented several annual service contracts as planned with a strong work volume.

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

| Business Cluster            | Major Product Classification         | Number of jobs completed in the Quarter<br>(Well counts) |            |            | Year-to-date total number of jobs completed<br>(Well counts) |            |              | Remark  |
|-----------------------------|--------------------------------------|--|------------|------------|--|------------|--------------|---|
|                             |                                      | Domestic   | Overseas   | Sub-total  | Domestic   | Overseas   | Sub-total    |   |
| Drilling Technology Cluster | Directional drilling services        | 14   | 11         | 25         | 68   | 39         | 107          | —   |
|                             | Integrated services                  | 2  | —          | 2          | 13   | —          | 13           | —   |
|                             | Drilling fluid services              | 7  | —          | 7          | 7  | —          | 7            | —   |
|                             | <b>Sub-total</b>                     | <b>23</b>  | <b>11</b>  | <b>34</b>  | <b>88</b>  | <b>39</b>  | <b>127</b>   | —   |
| Well Completion Cluster     | Well completion integration services | 28   | 41         | 69         | 118  | 121        | 239          | Well completion integration services released the number of jobs counting operational projects only and excluding projects that solely trade products |
|                             | Gravel packing services              | 85   | —          | 85         | 470  | —          | 470          | Gravel packing services released the number of jobs counting operational projects only and excluding projects that solely trade products              |
|                             | <b>Sub-total</b>                     | <b>113</b>   | <b>41</b>  | <b>154</b> | <b>588</b>   | <b>121</b> | <b>709</b>   | —   |
| Down-hole Operation Cluster | Multistage fracking services         | 47   | —          | 47         | 139  | —          | 139          | —   |
|                             | Coiled tubing services               | 75   | 78         | 153        | 222  | 206        | 428          | —   |
|                             | Pressure pumping services            | 56   | —          | 56         | 56   | —          | 56           | —   |
|                             | Tubular helium testing services      | 50   | —          | 50         | 249  | —          | 249          | —   |
|                             | Oil production services              | 47   | —          | 47         | 414  | 2          | 416          | Oil production services released the number of jobs counting operational projects only and excluding projects that solely trade products              |
|                             | <b>Sub-total</b>                     | <b>275</b>   | <b>78</b>  | <b>353</b> | <b>1,080</b>   | <b>208</b> | <b>1,288</b> | —   |
| <b>Total</b>                |                                      | <b>411</b>   | <b>130</b> | <b>541</b> | <b>1,756</b>   | <b>368</b> | <b>2,124</b> | —   |

## OPERATIONAL SUMMARY OF TUBULAR SERVICES

| Business Cluster         | Major Product Classification                               | Number of jobs completed in the Quarter<br>(Number of tubular pipes) |          |           | Year-to-date total number of jobs completed<br>(Number of tubular pipes) |          |           | Remark  |
|--------------------------|--|--|----------|-----------|--|----------|-----------|---|
|                          |  | Domestic   | Overseas | Sub-total | Domestic   | Overseas | Sub-total |   |
| Tubular Services Cluster | Inspection and Evaluation (tubular inspection)             | 163,110  | 17,901   | 181,011   | 626,957  | 68,659   | 695,616   | —   |
|                          | Operation Management and Repair (repair, welding, coating) | 97,994   | 6,310    | 104,304   | 320,417  | 12,746   | 333,163   | —   |
|                          | Tubular Leasing  | 752,206  | —        | 752,206   | 2,102,406  | —        | 2,102,406 | Tubular leasing service is measured in terms of the number of tubular pipe days |

## **DEVELOPMENT OF NEWLY WON MAJOR TENDERS OR MAJOR CONTRACTS SIGNED**

- As for tight oil and gas, in the Erdos Basin, won an additional tender of 50 jobs of multistage fracking services for the “Packer, Auxiliary Tools and Onsite Services for Horizontal Well Multistage Fracking” project from Sinopec North China E&P Company. The jobs are expected to be completed in the first half of 2013.
- As for highly challenging projects, in the Tarim Basin, successfully won a tender and signed a contract with PetroChina Co. to provide drilling fluid services to 5 wells at an average price of approximately RMB 9 million per well.
- In the Ahdeb Project in Iraq, renewed framework contract for directional drilling services under the term of “one firm plus one optional year”.

## **PROGRESS IN ALIGNMENT OF STRATEGIC RESOURCES**

During the Quarter, the Group added 2 sets of new equipment for directional drilling services which have been put into use, and signed a strategic cooperation agreement with a domestic supplier for procurement of directional drilling equipment. One new set of equipment for coiled tubing has also arrived and been put into use. The Group continued to implement the strategy of vigorously growing the leasing business in tubular services, and had newly purchased a batch of drill pipes during the Quarter to meet the growing demand for tubular leasing services. Construction of industrial bases across various regions in China progressed rapidly as planned.

In pressure pumping, two trucks (with a total capacity of 4,000 HHP) were delivered during the Quarter, boosting the pressure pumping capacity to 24,000 HHP as at the end of the Quarter. During the period, the Group ordered one set of ten 2,000-model pressure pumping equipment (20,000 HHP in total) and another set of ten 1,800-model pressure pumping equipment (18,000 HHP in total) respectively, which are expected to be delivered in 2013. Meanwhile, the Group signed strategic cooperation agreements with leading domestic suppliers of pressure pumping equipment in a bid to reduce procurement costs, secure supplies and shorten delivery lead time.

In human resources, the Group had a talent base totaling 1,613 permanent staff as at the end of the Quarter. The Group introduced a world-class consultancy firm during the Quarter to prepare for building a strategic HR framework aligned with the long-term growth, as part of the Group’s “Talent First” strategy.

## OUTLOOK FOR OPERATIONS IN THE FIRST QUARTER OF 2013

In the new year, the Group foresees further opening up of the domestic market in energy exploration and development (E&P) and unconventional natural gas will remain as an investment highlight in E&P. In the overseas market, investors from China are accelerating expansion in the international arena, and the Middle East and Latin American regions will continue to be their primary focus. The multiple batch contracts signed by the Group in this Quarter after successful bidding will start generating workload in the first quarter of 2013. In the meantime, the Group will make concerted efforts to push ahead with the strategic management and control system to fully align corporate management with the setting up and fulfillment of strategic objectives so as to ensure the Group's fast and sustainable growth.

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

| Business Cluster            | Major Product Classification         | Confirmed jobs in the backlog in the Quarter<br>(Well counts) |           |            | Remark   |
|-----------------------------|--------------------------------------|---|-----------|------------|--|
|                             |                                      | Domestic  | Overseas  | Sub-total  |  |
| Drilling Technology Cluster | Directional drilling services        | 20  | 9         | 29         | —  |
|                             | Integrated services                  | 4   | —         | 4          | —  |
|                             | Drilling fluid services              | 10  | —         | 10         | —  |
|                             | <b>Sub-total</b>                     | <b>34</b>   | <b>9</b>  | <b>43</b>  | <b>—</b>   |
| Well Completion Cluster     | Well completion integration services | 19  | 21        | 40         | —  |
|                             | Gravel packing services              | 90  | —         | 90         | —  |
|                             | <b>Sub-total</b>                     | <b>109</b>  | <b>21</b> | <b>130</b> | <b>—</b>   |
| Down-hole Operation Cluster | Multistage fracking services         | 97  | —         | 97         | —  |
|                             | Coiled tubing services               | 19  | 33        | 52         | —  |
|                             | Pressure pumping services            | 50  | 1         | 51         | —  |
|                             | Tubular helium testing services      | 45  | —         | 45         | —  |
|                             | Oil production services              | —   | —         | —          | Project management model is adopted, job number will not be disclosed starting from 2013 |
|                             | <b>Sub-total</b>                     | <b>211</b>  | <b>34</b> | <b>245</b> | <b>—</b>   |
|                             | <b>Total</b>                         | <b>354</b>  | <b>64</b> | <b>418</b> | <b>—</b>   |

Notes:

- The confirmed jobs in the backlog are completed in different progress within the agreed period of time 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 in the Quarter (Number of Tubular Pipes) |          |           | Remark  |
|--------------------------|--|--|----------|-----------|---|
|                          |  | Domestic   | Overseas | Sub-total |   |
| Tubular Services Cluster | Inspection and Evaluation (tubular inspection)             | 168,500  | 33,000   | 201,500   | —   |
|                          | Operation Management and Repair (repair, welding, coating) | 86,120   | 7,100    | 93,220    | —   |
|                          | Tubular Leasing  | 728,000  | —        | 728,000   | Tubular leasing service is measured in terms of the number of tubular pipe days |

## ALIGNMENT OF STRATEGIC RESOURCES

In the first quarter of 2013, the Group will make appropriate investment in land rigs, build up drilling teams and initiate cooperation with other drilling companies to propel rapid development in turnkey drilling projects; continue pushing the construction of pressure pumping service capacity; accelerate the building of industrial bases to nurture in-house service capacity; step up efforts in talent recruitment to stockpile sufficient human resources for the Group's fast growth in the future and enhance the alignment of the HR strategy with the Group's business development.

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

Hong Kong, 22 January 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.*