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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 2012 and Outlook for the Second Quarter of 2012

The Board of Directors of Anton Oilfield Services Group (the “Company”, together with its subsidiaries, collectively the “Group”) announced its operational update and order backlog for the three months from 1 January 2012 to 31 March 2012 (the “Quarter”).

OVERVIEW

Entering 2012, the market appeared positive with surging customer demands, and the Group operated under a favourable macro environment. Domestically, oil companies increased their investments in natural gas development. The Group successfully won the tenders for a number of projects, further expanding its scale in the conventional gas and tight gas markets. As the construction of underground gas storage facilities was being unfolded, the Group’s services for underground gas storage were rolled out at a remarkable pace.

Overseas, the Group further strengthened its market position in the Middle East market. Apart from continuing its development in the Al-Ahdab Oilfield, the Group began to provide services in Halfaya Oilfield, and achieved outstanding operational performance that was highly regarded by the client. In the meantime, the Group’s personnel and raw materials for providing services in the South American market were being put in place, and the business there would soon be launched.

OPERATIONS IN THE FIRST QUARTER OF 2012

During the Quarter, the number of jobs performed for the Group’s core business — oil and gas development technical services increased compared with the same period last year. The three major services saw a steady growth compared with the same period last year, in which multistage fracking completed 20 well counts of operations, providing solutions to the stimulation challenges of tight gas and tight oil

for customers across China; coiled tubing services penetrated further in overseas projects, completing 20 well counts of operations domestically and 29 well counts of operations in overseas markets, finishing a total of 49 well counts of operations during the period; directional drilling services were widely used in overseas and domestic horizontal wells, completing 7 well counts of operations domestically and 10 well counts of operations in overseas markets, finishing a total of 17 well counts of operations during the period.

The supplementary business — tubular services — added a few annual service contracts, securing stable orders for the whole year.

Operational summary of oil and gas field development technical services

Business Cluster	Major Product Classification	Jobs Completed in the Quarter (Well Counts)			Remark
		Domestic	Overseas	Sub-total	
Drilling Technology Cluster	Directional drilling services	10	7	17	—
	Integrated services	2	—	2	—
	Drilling fluid services	—	—	0	—
	Sub-total	12	7	19	—
Well Completion Cluster	Well completion integration services	22	17	39	Well completion integration services released the number of jobs counting operational projects only but not including projects that solely trade products
	Gravel packing services	87	—	87	Gravel packing services released the number of jobs counting operational projects only but not including projects that solely trade products
	Sub-total	109	17	126	—
Down-hole Operation Cluster	Multistage fracking services	20	—	20	—
	Coiled tubing services	20	29	49	—
	Tubular helium testing services	31	—	31	—
	Oil production services	13	2	15	Oil production services released the number of jobs counting operational projects only but not including projects for the management of oilfield production
	Sub-total	84	31	115	—
Total	205	55	260	—	

Operational summary of tubular services

Business Cluster	Major Product Classification	Jobs Completed in the Quarter (Number of Tubular Pipes)			Remark
		Domestic	Overseas	Sub-total	
Tubular Services Cluster	Inspection and Evaluation (tubular inspection)	127,113	12,550	139,663	
	Operation Management and Repair (repair, welding, coating)	40,825	610	41,435	
	Tubular Leasing	326,000	—	326,000	Tubular leasing service is measured in terms of the number of tubular pipe days

OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2012

Looking ahead to the second quarter, the macro environment remains positive and market demand appears strong. Domestically, the development of conventional and unconventional gas, together with the construction of underground gas storage facilities will continue to drive the development of the domestic business, whereas overseas, the implementation and development of the projects by Chinese investors in the Middle East, Central Asia and South America will continue to accelerate the development of the overseas business.

Order backlog of oil and gas field development technical services

Business Cluster	Major Product Classification	Confirmed jobs in the backlog as at the date of this Announcement ¹ (Well Counts)		
		Domestic	Overseas	Sub-total
Drilling Technology Cluster	Directional drilling services	20	13	33
	Integrated services	9	—	9
	Drilling fluid services	2	—	2
	Sub-total	31	13	44

Business Cluster	Major Product Classification	Confirmed jobs in the backlog as at the date of this Announcement ¹ (Well Counts)		
		Domestic	Overseas	Sub-total
Well Completion Cluster	Well completion integration services	57	70	127
	Gravel packing services	100	—	100
	Sub-total	157	70	227
Down-hole Operation Cluster	Multistage fracking services	57	—	57
	Coiled tubing services	65	52	117
	Tubular helium testing services	93	—	93
	Oil production services	164	—	164
	Sub-total	379	52	431
	Total	567	135	702

Note:

- 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.

Order backlog of tubular services

Business Cluster	Major Product Classification	Confirmed jobs in the backlog as at the date of this Announcement (Number of Tubular Pipes)			Remark
		Domestic	Overseas	Sub-total	
Tubular Services Cluster	Inspection and Evaluation (tubular inspection)	154,000	9,600	163,600	—
	Operation Management and Repair (repair, welding, coating)	77,900	2,375	80,275	—
	Tubular Leasing	333,000	—	333,000	Tubular leasing service is measured in terms of tubular pipe days

Development of major tenders won or major contracts signed

In the area of oil and gas technical services:

- In the Erdos Basin, (1) the notification of award regarding the tender of “horizontal well multistage fracturing packer, ancillary tool and on-site service” was received from Sinopec North China E&P Company, providing an estimated backlog of at least 30 well counts for multistage fracking services; (2) the intent of business cooperation was confirmed with a new client, Yanchang Petroleum, and already entered the contract signing stage of integrated services for one well of “sidetracking horizontal well and multistage fracking” project and one well of “well completion construction” project.
- In the Tarim Basin, the newly established drilling fluid department successfully signed contracts for two wells of oil-based drilling services, to provide services incorporating the provision of oil-based drilling fluid materials, solution design, and operation services, estimated to commence operation in the second quarter.
- In the Sichuan Basin, an integrated services contract was signed for underground gas storage in Xiangguo Temple in Chongqing.
- In Halfaya Oilfield in Iraq, a letter of award was received for the provision of operation services for certain oil production main facilities under a 1+1 year term, which requires the operation and maintenance of equipment of central gathering station for the oil production of 23 wells.

In the area of tubular services:

- In the Tarim Basin, annual contracts for tubular leasing and drill collar wear-resistant belt welding services were added.

CONSTRUCTION OF SERVICE CAPACITY

In the second quarter, the Group will continue to build up its service capacity. The Group already established strategic partnership with a domestic partner, under which the cooperation partner will commit resources to the construction work of industrial bases for the Group, so that the Group can effectively save investments in non-core assets.

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

Hong Kong, 10 May 2012

As at the date of this announcement, the executive Directors of the Company are Mr. Luo Lin, Mr. Wu Di and Mr. Liu Enlong; and the independent non-executive Directors are Mr. Zhang Yongyi, Mr. Zhu Xiaoping and Mr. Wang Mingcai.