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 2015 and Outlook for the Second Quarter of 2015

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 2015 to 31 March 2015 (the "**Quarter**").

OPERATIONAL OVERVIEW OF THE FIRST QUARTER OF 2015

During the Quarter, the oil and gas industry continued to struggle. Domestically, the impact of customers' capital expenditure cuts started to materialize and some projects were delayed. On the other hand, eastern oilfields started to present opportunities of general contracts for difficult-to-recover reserves. As environmental requirements tightened, oilfield waste management business was looking at growth opportunities. Overseas, depressed oil prices led customers to scale back their investment. The Americas market was hit worst as some projects were cancelled. In the Middle East, the aim for stimulation and cost efficiency remained. The existing projects of the Group progressed smoothly and new orders were being acquired, but delays occurred on some projects.

OPERATIONAL UPDATE ON THE FIRST QUARTER OF 2015

During the Quarter, some regions of the domestic market were still on winter break. Fitting the normal cyclical pattern of the industry, some projects did not commence operation and will likely start running one after another in the second quarter. At the same time, due to the dampening market climate, customers have postponed the implementation of some projects, causing a slowdown in the work progress of the

Group. Domestically, in the Tarim market, the Group's two self-owned workover units were already commissioned for service. In the new markets in Northwest China, operation has commenced under the workover service contract secured by the Group in October 2014 and the multistage fracturing tools service contract awarded in the Quarter. Overseas in Iraq, the Group's two CPF projects operated normally. The oil casing and tubing inspection and repair workstation project won by the Group already commenced operation and booked revenue, yet the drilling service contracts awarded were delayed as a result of oil price movement. Operation was to start pending customer instructions. In the Americas, directional drilling business slowed down due to falling oil prices.

ORDERS IN THE FIRST QUARTER OF 2015

The Group was awarded approximately RMB470.7 million worth of new orders during the Quarter, among which approximately RMB278.7 million was attributed to new domestic orders and approximately RMB192.0 million to new overseas orders. Affected by the industry climate, order book growth has decelerated both for domestic and overseas markets.

Domestically, in the new Northwest market in Xinjiang region, the Group was awarded a contract in January 2015 for multistage fracturing tools service with an estimated value of RMB40 million. Some of the jobs have been confirmed to use proprietary completion tools of the Group. Winning the contract meant the previous win of workover service project had already started to drive other product lines to enter the new market and that its proprietary tools started to win customer endorsement. In the Keshen region in the Tarim Basin, the Group was awarded an oil-based drilling fluid technical service contract worth approximately RMB19 million. In the Erdos region, the Group secured a drilling service contract worth approximately RMB50 million with four self-owned drilling rigs. Additionally, the Group won an annual contract for pressure pumping service worth approximately RMB70 million. In the Southwest, the Group was awarded a pressure pumping service contract for shale gas in Fuling worth approximately RMB20 million. During the Quarter, the Group also added job orders under oilfield waste management service with a combined value of approximately RMB21 million.

Overseas, in Iraq, the Group was awarded a two-year contract of directional drilling equipment and service worth approximately RMB90 million, renewable for another year upon expiration. At the same time, the Group added new orders for coiled tubing service in Iraq with a combined value of approximately RMB28 million. The Group's workover service added new orders in Iraq with a combined value of approximately RMB12 million.

Due to the dire market situation, clients have cancelled or downsized some projects, and thus the management has adjusted the order backlog accordingly based on the principle of prudence after reevaluating contracts on hand. The order backlog calculated based on existing contracts before the Quarter has been adjusted downwards by a total of RMB185.2 million, among which domestic order backlog has been adjusted downwards by RMB101.9 million, and overseas order backlog has been adjusted downwards by RMB83.3 million. As at 31 March 2015, the order backlog of the Group was approximately RMB1,762.0 million, of which the order backlog in the domestic market was approximately RMB704.6 million, and the order backlog in the overseas market was approximately RMB1,057.4 million.

Note:

- To better reflect its business model, the Group switched to disclosing quarterly operational data by the value of new orders awarded during each quarter and the value of order backlog at the end of each quarter and ceased to disclose quarterly operational data by well counts, effective from the first quarterly operational update 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 fulfilled, and may also be adjusted by the management should an unexpected change in market conditions arises.

PROGRESS IN BUILDUP OF SERVICE CAPACITY IN THE FIRST QUARTER OF 2015

During the Quarter, in terms of regular equipment, the 3 sets of directional drilling rotary steerable service equipment purchased by the Group in the fourth quarter of 2014 were delivered and deployed, which would significantly boost the Group's capacity for premium directional drilling service. On oilfield waste management, the Group received one set of water-based mud drill cutting treatment equipment in Xinjiang, which would meet the Group's need for conducting oilfield waste management service.

On human resources, after dismissing some employees in 2014 for failing the performance review, the Group continued to enforce rigorous review and optimize and streamline its workforce. Meanwhile, the Group continued to promote internal redeployment by reassigning employees in departments with relatively low workload to product lines with full order backlogs and a shortage of manpower, so as to make more productive use of its human resources.

OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2015

Looking into the second quarter of 2015, the Group expects oilfield services industry to remain in a slump domestically and overseas with a persistently high degree of uncertainty. Order delays and even cancellations will likely occur for some time to come. Domestically, as a result of falling oil prices and industry readjustment, customers will cut their capital expenditure. The gradual opening-up of some segments will provide more opportunities for public tender, but also lead to more intense competition. Meanwhile, matured oilfields are showing a growing appetite for new stimulation technology. Overseas, depressed oil prices force big oil companies to further slash their capital expenditure. Such spending cuts will most acutely hurt the Americas market. Iraq and other hotspots, thanks to lower recovery costs, will be less exposed to capital expenditure cuts. Their demand for stimulation and cost efficiency will continue to present new market opportunities for independent oilfield service providers with strong comparative technology, brand and cost advantages. However, project delays have occurred as well, and downward pricing pressure from clients is a real threat.

Leveraging its portfolio of product lines covering the entire process of oil and gas field development, and its extensive presence in markets where Chinese companies enjoy comparative advantages, the Group will emphasize its technical advantages including directional drilling rotary steerable service capability, proprietary completion tools and proprietary oil-based mud, and accentuate on the relative strengths of its cost, technology, brand and integrated service model and continue to serve customers' needs for optimization, stimulation, cost efficiency as well as safety and oilfield waste management. Domestically, the Group will continue to seize the opportunities on natural gas and unconventional oil and gas development and fully participate in open tenders in an increasingly opened-up market. Overseas, the Group will seize the opportunities and keep a high momentum of growth in Iraq and other hot-spot markets. While cementing its current market position, the Group will go further beyond the "follow-up" strategy and actively look for new bright spots of growth.

In terms of strategic resources alignment, the Group will control its total debt and explore debt refinancing options of lower cost leveraging its favorable asset size. It will intensify efforts to collect account receivables. While making greater efforts to streamline and rightsize the workforce, the Group will continue to bring in leading talents in the industry, and strictly control capital expenditure to continuously tackle the challenges brought about by industry readjustment.

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, 16 April 2015

As at the date of this announcement, the executive directors of the Company are Mr. LUO Lin, Mr. WU Di and Mr. PI Zhifeng; and the independent non-executive directors of the Company are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WANG Mingcai.