ANTON 安東

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 Third Quarter of 2015 and Outlook for the Fourth 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 July 2015 to 30 September 2015 (the "**Quarter**").

OPERATIONAL OVERVIEW OF THE THIRD QUARTER OF 2015

In this Quarter, the global oil prices experienced low and volatility. Global oil market remained lackluster. Domestically, the Group captured hotspot opportunities under the current circumstances, and won the tight oil and gas projects and shale gas projects continuously by the help of unique advantages of the unconventional oil and gas technology. Overseas, the Group's orders persistently expanded, and beyond record levels significantly. Especially, the Group received a general contract for integrated workover and completion services in Iraq, and made a new breakthrough in Ethiopia, won an oilfield environmental service project order. In terms of order fulfillment, the Group's overall job volume recovered and gradually stabilized, its various product lines performed jobs successively, and the utilization of equipment gradually boosted. On management, the Group further implemented the workforce improvement and redundancy program, and achieved the continuous reduction on management expenses and market expenses by strict cost control.

ORDERS IN THE THIRD QUARTER OF 2015

The Group was awarded new orders worth approximately RMB1,345.2 million during this Quarter, among which approximately RMB299.1million was attributed to new domestic orders and approximately RMB1,046.1 million to new overseas orders.

Domestically, benefited from the "unconventional" and "integrated" product strategy, the Group not only seized the project opportunity of utilization of unconventional technology in old oilfield, but also possessed an obvious strength in unconventional oil and gas development projects, and received orders continually. The Group was awarded an integrated drilling project worth RMB22.5 million in Tarim Basin, and an integrated well completion project worth RMB39.2 million, and won rotary geological steering technology of shale gas project worth RMB12.0 million in Chongqing region.

Overseas, the Group's "internationalization" process made a new breakthrough, the Group's operation service and project management ability was accepted by international oil companies, and the influence in international market was further enhanced. The Group was awarded a general contract for workover and completion services worth RMB890.0 million in southern Iraq. In Ethiopia, the Group won a contract worth RMB33.0 million for harmless treatment service for waste of drilling fluid.

As at 30 September 2015, the order backlog of the Group was worth approximately RMB3,014.2 million, of which the order backlog in the domestic market was approximately RMB899.5 million and the order backlog in the overseas market, was approximately RMB2,114.7 million.

Notes:

- *To better reflect its business model, the Group moved 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. The change in disclosure was 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.*

ORDER FULFILLMENT IN THE THIRD QUARTER OF 2015

In this Quarter, the Group's various product lines' overall job volume gradually recovered. In drilling cluster, the integrated drilling services project operated smoothly in Xinjiang area, and the Group's five rigs were all engineering at Erdos region, the job volume of proprietary rotary steering was upgraded, the well cementation services project and drilling fluid services project operated in Ethiopia market. In the well completion cluster, the integrated well completion services have completed well in Xinjiang area, the completion tools deliveries increased in overseas market. In down-hole operation cluster, the utilization of equipment was recovered, fracturing services performed a consistent volume of jobs in Erdos region, and the coiled tubing equipment remained stable in southwest and Erdos region. In the oil production cluster, the group's operation of workover service and production operation service presented stably, and the maintenance services of base station power progressed steadily.

CAPITAL INVESTMENT AND MANAGEMENT PROGRESS IN THE THIRD QUARTER OF 2015

In this Quarter, the Group made no additional large capital expenditure project. In Ethiopia, previously purchased equipment of well cementation and the site of infrastructure construction was finished and in operation. In Erdos, the water-based mud and drill cutting treatment facility was in place successively, which definitively improved the Group's movable waste-disposal capacity.

On human resources management, the Group continuously implemented the restructuring and redundancy program, optimized personal structure, reduced the overhead costs.

On financial management, the Group tightened the recovery of trade receivables and cost control, management expense and selling expense decreased continually.

On capital operation management, the Group intensified the communication among the financing institutions, such as bank, lease finance company, fund company and etc. Actively maintained and enriched the financing channels in order to strengthen the support from financing institutions, enhance the long-term planning and financing.

OUTLOOK FOR OPERATIONS IN THE FOURTH QUARTER OF 2015

In terms of market development, the Group will continue capturing the hotspot opportunities both at home and abroad with a view to increasing orders in order to provide reserves for 2016 income increase. Domestically, the Group will further leverage the opportunities of oil and gas sector reform in China with unconventional technologies and solutions as the drivers, actively participate in shale gas, tight oil and gas and coal-bed methane; firmly seize the new opportunities arising from "SOE Reform policy", build on its brand equity, proactively participate in business outsourced by national oil companies and further cement strategic partnerships. Overseas, the Group will keep carrying forward the "internationalization" strategy, seize the Middle East market opportunities, strengthen and deepen cooperation with local oil companies and international oil companies to secure long-term orders. In South America, the Group will continue to capitalize on the new opportunities from low-cost development needs in a low oil price environment and look for new breakthroughs.

In terms of order fulfillment, the oil company will boost the completion of job volume in Q4. With an ample order backlog, the Group will promote quick implementation of engineering activities to fulfill the intended target for the whole year.

In terms of strategic management and control, the Group will carry on the "asset-light" strategy and "internationalization" strategy, compile the technology development plan in the next three years, take the construction of technical ability as the core, ascend the utilization of equipment to a new level, and maximize the utilization of capacity. Meanwhile, the Group will start new-round optimizing and streamlining the institution and workforce, further trim down 15% of staff. The Group will also take full advantages of the clients' settlement opportunity in the end of 2015, fully mobilize the resources and intensify project billing, and take efforts to collect trade receivables. Meanwhile, the Group will reduce the need for investment, improve the efficiency of capital turnover and maintain cash flow in the safety level.

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, 18 October 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 are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WANG Mingcai.