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Announcement

Operational Update on the Fourth Quarter of 2013 and Outlook for the First Quarter of 2014

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 October 2013 to 31 December 2013 (the “**Quarter**”).

OVERVIEW

During the Quarter, the endeavor to accomplish production targets continued in key domestic basins, and the Group entered a peak season of operations. In the Tarim Basin, there was a strong demand for stimulation and performance drilling; in the Erdos Basin, multiple customers had a strong demand for technical services, especially for stimulation; in the Sichuan Basin, unconventional gas projects developed at a faster pace, and demand for technical services accelerated.

In the overseas market, upon consolidating the existing customer base, the Group was breaking through its “follow-up” strategy in some areas and developing the customer base of international and national oil companies. In Iraq, existing projects were accelerating production capacity building, and demand for technical services was recovering; other projects in the area were actively building its production capacity, and demand for technical services was rising. In the Americas, there was huge demand for technical services in order to stabilize production.

OPERATIONAL UPDATE ON THE FOURTH QUARTER OF 2013

During the Quarter, the Group's core business, oil and gas field development technical services, completed 633 jobs by well count, 139 jobs more compared with 494 jobs in the same period last year (the number of jobs excludes oil production service which operates on a project basis). Several services secured bigger jobs in the Quarter, including directional drilling services, well completion integration services, and coiled tubing services. The Group maintained a steady growth.

During the Quarter, stimulation technologies of the Group gained wider market acceptance, including fiber-diverting volume fracturing technology, pressure pumping services and coiled tubing-conveyed multistage fracturing technology.

During the Quarter, development of performance drilling accelerated. Oil-based drilling fluid service further realized large-scale applications in the Tarim Basin. Directional drilling services made further breakthrough in the Tarim Basin and the Americas.

The newly launched coiled tubing technology of the Group for shale gas applications was applied and promoted successfully in the Quarter.

NEW ORDERS AWARDED OR MAJOR CONTRACTS SIGNED

The Group recorded an unaudited estimated volume of RMB312.5 million brought by newly awarded contracts during the Quarter, among which major contracts signed or orders awarded were as follows:

- In the Tarim Basin, a fiber-diverting volume fracturing service contract for multiple wells and an oil-based drilling fluid service general contract were signed.
- In other basin, a tender for the general contracting project of drilling new technology services was awarded.
- In Iraq, two contracts for coiled tubing acidizing technical services were signed, with a 3-year-term contract and a renewed annual contract respectively.

BACKLOG

In order to more appropriately reflect its business model development, the Group will not continue to disclose its quarterly operational data by well counts starting from the first quarter of 2014, and instead provide the disclosure of quarterly operational update by the estimated work volume brought by backlog and newly awarded contracts.

As of 31 December 2013, the unaudited order backlog of the Group brings an estimated work volume of RMB1,003.4 million, of which the order backlog in the domestic market brings an estimated work volume of RMB722.8 million, and the order backlog in the overseas market brings an estimated work volume of RMB280.6 million.

Notes:

- Backlog refers to the estimated value of the work volume brought by unfulfilled parts of the on-hand contracts, and because it is an estimation, it involves uncertainties.
- In view of the uncertainties involving contract signing and contract engagement processes, there may exist discrepancies between the estimated value of the work volume from the backlog and the figures disclosed in the Group's regular financial reports. As such, the backlog information in the announcement is only for reference purpose.

PROGRESS IN ALIGNMENT OF STRATEGIC RESOURCES

In December 2013, a new drilling rig of the Group was delivered, and as of 31 December 2013, the Group had four drilling rigs, which were all in operation. Apart from purchasing new rigs, the Group successfully initiated the rig management business model in December 2013, implementing professional rig management on rigs of partners as well as their crew members, including the provision of standard management on quality, safety, technical and crew management. The business model expands the Group's integrated service capacity for general contracting projects while remaining in its asset-light nature as a technical services company. During the Quarter, three new sets of coiled tubing equipment were ordered, one of which will expect delivery in 2014. The Group has also begun capacity building for oil production operation services during the Quarter.

In terms of human resources development, the Group initiated the 2014 Campus Recruit program in the Quarter, aiming to make large-scale introduction of new graduates.

During the Quarter, the Group also completed the issuance of USD250 million 7.5% senior notes expiring in 2018. The issue was part of the Group's proactive strategy to prepare funding for the Group's long-term development. The capital raised will be mobilized to build the Group's service capacity and implement its integrated service strategy.

OUTLOOK FOR OPERATIONS IN THE FIRST QUARTER OF 2014

Looking ahead to the first quarter of 2014, the Group continues execution of stable on-hand contracts, while some areas in the domestic market enters normal winter break. Entering the new year, the Group will strengthen and accelerate the preparation for the implementation of the fully year's strategy. As such, the Group will embark on the enhancement and enrichment of the product lines, and promote the development of key products and services such as waste management services and oil production operation services, while continuing regular services capacity building. In the meantime, the Group will emphasize the development of comprehensive coverage of high-growth markets. In the domestic market, the Group deepens its long-term service capabilities in regional markets; in the overseas market, the Group will consolidate existing customer base while going beyond its "follow-up" strategy and accelerating the expansion into local customer base.

STRATEGIC RESOURCES ALIGNMENT

In 2014, the Group continues to promote its strategic resources alignment in line with the development strategy of the Group. In the first quarter of 2014, three rigs will be delivered to timely satisfy the demands for rig service operations. The Group continues to facilitate the building of pressure pumping horsepower capacity, the purchasing of coiled tubing equipment, as well as the building of service capacity of oil production operation services. The Group signed the strategic cooperation framework agreements with Yibin municipal government in Sichuan province in January 2014 to comprehensively prepare for shale gas projects. In terms of human resources development, the Group quickens large-scale introduction of talents, implements 2014 Spring Campus Recruitment program, and prepares for the business development of the Group with required human resources, as well as further improve the employee training and development system. In terms of branding, the Group promotes Antonoil's brand as "The Best Independent Chinese Oilfield Services Company, the Best Chinese Partner Worldwide" and make full use of branding in business development.

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

Hong Kong, 16 January 2014

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 is Jean Francois POUPEAU; and the independent non-executive Directors are Mr. Zhang Yongyi, Mr. Zhu Xiaoping and Mr. Wang Mingcai.

APPENDICES:

**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	20	16	36	14	11	25	71	45	116	—
	Drilling fluid services	3	—	3	7	—	7	13	—	13	
	Drilling new technology services	5	—	5	2	—	2	13	—	13	Previously called “Integrated Services”
	Rig services	2	—	2	—	—	—	6	—	6	—
	Sub-total	30	16	46	23	11	34	103	45	148	—
Well Completion Cluster	Well completion integration services	46	25	71	28	41	69	112	106	218	Well completion service work volume is disclosed only by the number of jobs performed and excludes product sales.
	Gravel packing services	125	—	125	85	—	85	445	—	445	Gravel packing service work volume is disclosed only by the number of jobs performed and excludes product sales.
	Sub-total	171	25	196	113	41	154	557	106	663	—
Down-hole Operation Cluster	Multistage fracking services	73	—	73	47	—	47	221	—	221	—
	Coiled tubing services	77	35	112	75	78	153	269	130	399	—
	Pressure pumping services	99	—	99	56	—	56	161	1	162	—
	Tubular helium testing services	107	—	107	50	—	50	285	—	285	—
	Sub-total	356	35	391	228	78	306	936	131	1,067	—
Total	557	76	633	364	130	494	1,596	282	1,878	—	

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)	240,735	14,106	254,841	163,110	17,901	181,011	902,265	64,406	966,671	—
	Operation management and repair (repair, welding, coating)	76,348	2,394	78,742	97,994	6,310	104,304	392,416	14,722	407,138	—
	Tubular leasing	1,173,000	—	1,173,000	752,206	—	752,206	4,591,659	—	4,591,659	Tubular leasing service is measured by the number of tubular pipe days.

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