

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.

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 First Quarter of 2017 and Outlook for the Second Quarter of 2017

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 to 31 March 2017 (the “**Quarter**”).

OPERATIONAL OVERVIEW OF THE FIRST QUARTER OF 2017

In this quarter, market is picking up, customers’ investments in upstream exploration and development increased significantly. In terms of orders, domestically, the Group obtained drilling services, fracturing pumping services, horizontal well fracturing services and drilling fluid services orders. Overseas, the Group won orders including general drilling services, oil production operation and management services, coiled tubing services, directional drilling services and completion tool services orders. In terms of order fulfillment, the order execution is accelerated, and equipment utilization rate is improved, the Group’s orders has been fully entered into its construction phase. In the domestic market, despite the impact of the winter day off in the first quarter of regional markets, with the help of preparation in advance, the construction volume of the Group increased significantly as compared with the same period of last year. In the southwest region, the coiled tubing product line successfully accomplished its well construction, which is the first pilot well for completion string with coiled tubing in China’s shale gas block. In the Erdos area, the drilling rig service product line completed its construction tasks ahead of schedule due to its excellent construction arrangements, its construction efficiency is

in the leading level in that area. In the Iraqi market, the projects has been fully entered into its construction phase, the general workover and well completion project has completed five wells' construction, the drilling service project has been spudded-in. In Central Asia and Africa Area, general pumping project successfully completed in the Pakistan market. In terms of operations, the Group has completed its equity cooperation with Geo-Jade Petroleum Corporation.

ORDERS IN THE FIRST QUARTER OF 2017

During this Quarter, the Group was awarded new orders worth approximately RMB1,002.5 million, of which approximately RMB 401.4 million from new domestic orders and approximately RMB601.1 million from new overseas orders.

Domestically, the new orders for annual services project is blossoming in Erdos market, obtained new orders including drilling rig annual service project valued approximately RMB50.0 million, coiled tubing annual service project valued approximately RMB35.0 million, fracturing pumping annual service project valued approximately RMB12.0 million, horizontal wells fracturing annual service project valued approximately RMB23.0 million, general integrated drilling service project valued approximately RMB 24.0 million, In addition, the Group obtained oil-based drilling fluid annual service orders in Xinjiang market, and fracturing pumping services orders and coal-bed methane gas orders in the southwest market.

Overseas, the Group won a number of large orders in the Iraqi market, including workover services project valued approximately RMB 113.0 million, oil production and maintenance services project valued approximately RMB 85.0 million, coiled tubing services project valued approximately RMB 66.0 million, drilling fluid services project valued approximately RMB45.0 million and directional drilling services project valued approximately RMB36.0 million. The Group also achieved breakthroughs in emerging markets, successful won a general drilling services project from the strategic customers with a contract value of approximately RMB 98.0 million in the Kazakhstan market. In the Americas market, the Group's completion tool sales is also increased, with sales amount of approximately RMB21.0 million.

As of 31 March 2017, the order backlog of the Group was worth approximately RMB 3,896.9 million, of which the order backlog in the domestic market was approximately RMB 956.6 million and the order backlog in the overseas market was approximately RMB2,940.3million.

Notes:

- 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 this Quarter. Order backlog is reduced when orders are fulfilled, and may be adjusted by the management should an unexpected change in market conditions arises.

ORDER FULFILLMENT IN THE FIRST QUARTER OF 2017

In terms of order fulfilment, thanks to the market recovery, the overall workload increased significantly as compared with the same period of last year. In the domestic market, despite the impact of the winter day off in the first quarter of regional markets, the construction volume of the Group increased significantly as compared with the same period of last year with the help of preparation in advance. In the southwest region, the coiled tubing product line successfully accomplished its well construction, which is the first pilot well for completion string with coiled tubing in China's shale gas block. In the Erdos area, the drilling rig service product line completed its construction tasks ahead of schedule due to its excellent construction arrangements, its construction efficiency is in the leading level in that area. In the Iraqi market, the projects has been fully entered into the construction phase, the general workover and well completion project has completed five wells' construction, and the drilling service project has been spudded-in. In Central Asia and Africa Area, general pumping project successfully completed in the Pakistan market.

CAPITAL INVESTMENT AND MANAGEMENT PROGRESS IN THE FIRST QUARTER OF 2017

During this quarter, the Group continued to carry out comprehensive external cooperation, promoted the development of product and service alliance, and improved the integrated services capacity based on "asset-light" strategy. The Group has improved the reservoir geological service capabilities through cooperation with a technical partners. And the Group is also strengthened the promotion of the chemical stimulation technology of the strategic partner.

In terms of capital operation, the Group has completed its equity cooperation with Geo-Jade Petroleum Corporation, which raised approximately HK \$ 222.89 million, supplemented working capital of the Group and enhanced the Group's relationship with the client.

OUTLOOK FOR OPERATIONS IN THE SECOND QUARTER OF 2017

The market has recovered, customers' capital spending increase will bring new opportunities. Domestic, the Group will maintain a prudent market strategy, focusing on the opportunities in prior markets. Affected by the production target pressure, the services prices will be improved and service volume will be increased significantly in the southwest shale gas market. Overseas, the Group will maintain the market growth of the Iraqi market, continue to expand service scale with the international oil companies, while focusing on opportunities along the "Belt and Road" emerging markets. The Group will advance market opportunities with strategic partners in Kazakhstan and Albania. Further tap the Ethiopian market and Pakistan market potential, expand the scale of service with existing customers, and strive for market opportunities from local new customers.

On order fulfilment, domestic projects will be fully launched, overseas projects will continue to increase its workload. Domestically, the Group will improve drilling service and fracturing service construction quality to improve project profitability. In Iraq, the important projects including workover and well completion project and drilling rig project had been launched, the Group will pay close attention to its construction quality and risk control to ensure its stable operation; In the Kazakhstan market, the Group will focus on the construction quality of the general drilling project and the directional drilling project.

In terms of operations, the Group will continue to increase its external cooperation efforts and improve its reservoir geological service capacity through cooperation and talent introduction. And the Group will promote the second payment of its Iraqi business equity transaction.

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, 17 April 2017

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