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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)

VOLUNTARY ANNOUNCEMENT

COMMENCING PREPARATION OF DOMESTIC SHALE GAS PROJECT

This announcement is made by the Company on a voluntary basis.

The Board is pleased to announce that the integrated platform project and the ultra-long horizontal well project in the shale gas market in Sichuan, China has received the client's request to commence preparations.

This announcement is made by Anton Oilfield Services Group (the “**Company**”) on a voluntary basis.

The Company won the tender for an integrated platform drilling services project and an integrated ultra-long horizontal well project in the shale gas market in Sichuan with a combined value of approximately RMB150.0 million in December 2017. The Company has received the client's request to commence preparations. The first project covers drilling, cementing and fracturing operations for three wells on the platform, with a project value of about RMB100.0 million and a service term of about 450 days. The latter project covers the directional drilling, drilling fluid, cementing and fracturing operations for the approximately 3,000 meters horizontal section of a well, with a project value of about RMB50.0 million and is estimated to complete before end of the year. The Company has already initiated raw material procurement and mobilization of equipment and personnel before the project commences operation. Apart from that, the Group has succeeded in introducing environmentally friendly drilling fluid with a bio-synthesized base in the Sichuan shale gas market, greatly improving the drilling efficiency of the trial well. It can replace the ordinary oil-based drilling fluid and is friendlier to the environment.

The integrated shale gas platform project is an integrated services project, and is the first attempt of the client to have a privately-owned oil services company to take up an integrated shale gas development project independently. By having an edge in unconventional resources development technology, the Company is highly approved of by the client, and becomes one of the first privately-owned oil services companies to enter the mainstream domestic shale gas development market. The other project of integrated ultra-long horizontal well requires new techniques in the area, and the Company became the client's preferred partner thanks to its strong technical capabilities and impressive track record. As a new technical project in the shale gas market, the Company introduced leading bio-based environmentally friendly drilling fluid and localized it. This technology has relatively low cost and outstanding environment protection performance, and is expected to have great potentials in the fast-growing shale gas market.

The shale gas block concerned is a national demonstration area of shale gas development. According to the capacity building planning of the client, shale gas production in this area will increase dramatically in the next three years, and they are in urgent need of external privately-owned services companies that are capable of providing integrated services, which will greatly benefit the Company and help the Company to achieve rapid growth of revenue in the domestic market. Meanwhile, service price for such project has increased as compared with before, and the client is expected to arrange payment according to execution of the project. Benefitting from such, overall profitability and cash flow quality of the Company will be further improved. As the industry recovers, the Company expects substantial opportunities in domestic natural gas market, and particularly the shale gas market.

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

Hong Kong, 15 January, 2018

As at the date of this announcement, the executive Directors 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 Dato WEE Yiau Hin.