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Anton Oilfield Services Group

2010 Annual Results

Revenue increased 37.8% to RMB951 million

Net profit surged by 234.9% to RMB126 million

Net profit attributable to equity holders jumped by 264.3% to RMB117 million

*The Group has entered a new track of high-speed growth
and strives to become
a leading international oilfield technical services company,
with a strong foothold in China*

(Hong Kong, 20 March 2011) – Anton Oilfield Services Group (“Anton Oilfield Services” or the “Group”, stock code: 3337), a leading independent oilfield service provider in China, announced today its audited consolidated annual results for the year ended 31 December 2010. During the year, the Group successfully returned to the track of high speed growth with total revenue increased by 37.8% to RMB951 million while net profit surged by 234.9% to RMB126 million and net profit attributable to equity holders jumped by 264.3% to RMB117 million.

The Board proposed a final dividend of RMB0.0188 per share. (2009: RMB0.0086)

“Benefited from the global economic recovery and an increase in demand from the real economy, the oil industry fully recovered in 2010. As oil companies stepped up investments in natural gas, applied horizontal well technologies extensively and demanded more integrated services on the one hand and intensified overseas investment on the other, we are presented with different opportunities. By seizing such opportunities, the Group returned to the track of high-speed growth prior to 2009 and realised substantial increase in revenue. Under the current strategic positioning of providing oil and gas field development technical services with wellbore technologies as the core, the Group focused its efforts on meeting the demand of the high-end market, developing new technologies and promoting self-developed products in technical services. In 2010, with the success in marketing new technologies we had developed, the share of revenues from products in technical services rose, resulting in increases in overall gross profit margin and profit,” Mr. Luo Lin, Chairman and CEO of Anton Oilfield Services Group said.

Tool assembling and designing capabilities strengthened; revenue of well completion technology saw rapid growth

In 2010, the Group’s well completion technology cluster saw substantial growth with its revenue increasing from RMB213.9 million in 2009 to RMB325.3 million, increased by 52.1% year-on-year. It is a share of 34.2% to total revenue.

In 2010, as the assembly base for well-completion tools commenced operation, the Group’s integrated technical services in well completion built up the capability in the design, testing and assembly of tools. For accomplishing the same technical specifications, the well completion tools of the Group enjoyed substantial

Press Release

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cost advantage over similar products in the international market. In the year, the Group's integrated well completion technology division and screen well completion technology division were consolidated and the revenue of the consolidated division was RMB180.6 million. With the building up of brand awareness, the well completion tools of the Group will be extensively used in the domestic and overseas markets. Meanwhile, the self-developed flow adjustment and water control screen pipes of the Group were successfully used in oilfields, thus laying a foundation for nationwide marketing.

During the year, revenue from gravel packing well completion services saw remarkable growth and amounted to RMB116.7 million, representing a growth of 40.3%. Having attained international standards, the gravel packing technology of the Group commanded a solid market position in Shengli oilfield, Henan oilfield and Jidong oilfield and had further been introduced to Xinjiang oilfield, Dagang oilfield, Jilin oilfield, Liaohe oilfield as well as overseas oil and gas oilfields.

Revenue of down-hole operation saw substantial increase with successful marketing efforts in new technology

In 2010, the down-hole operation cluster saw substantial increase with its revenue amounting to RMB344.0 million, representing an increase of 244.0% from 2009. Its share to total revenue is 36.1%.

In the previous year, with the pay-off of the marketing efforts on the multi-stage fracturing technology for horizontal wells, revenue from production enhancement operation services was RMB221.4 million, increasing by 255.4%. In 2010, Anton Oilfield Services (Group) Ltd, a wholly-owned subsidiary of the Group, was granted unilateral indicative committed workload by PetroChina for the services of multistage sanded fracturing for horizontal wells in 77 out of the 102 wells in its oil and gas fields. The average basic price per well was RMB2.2 million. As at the end of December 2010, the Group successfully completed the multistage fracturing operation for 56 wells, upon which the relevant gas wells achieved consecutive high productivity. The significant progress achieved for this business fully demonstrated the Group's strength in the down-hole operation area. This business also helped establish the Group's leading position in the industry of multistage fracturing technology for horizontal wells and has positive impacts on the development of tight gas and shale gas areas.

The Group had established three coiled tubing operation teams respectively for the south-western China region, the Changqing region and the Middle East. In 2010, the revenue in the coiled tubing business amounted to RMB61.2million.

The tubular helium testing technology service of the equipment service consolidated its leading position domestically with a revenue increase of 87.0% to RMB28.8 million. The Group had developed industry admission requirements with its customers and was prepared to launch comprehensive promotion of this technology to major gas fields and gas storage facilities now under active construction owned by these customers.

Integrated service model developed, revenue of drilling technology increased

In 2010, revenue of the drilling technology cluster was RMB97.5 million, which represented a growth of 10.7% from 2009. Contribution to total revenue is 10.3%.

To satisfy the increasing demands of integrated services, the Group established the Integrated Project Business Unit in June 2010. This unit will engage in the provision of integrated technical services covering drilling, well completion and down-hole operation, as well as general contracting services for oil and gas field blocks. Its target markets include general contracting for highly difficult wells in Carbon Capture and Storage ("CCS") projects, general contracting for coal seam gas exploration and general contracting for oil and gas

Press Release

For immediate release

field exploration. In 2010, the Group won the contract for the drilling and related works of the CCS demonstration project of the Shenhua Group. The winning of this tender revealed Anton's strong capabilities in integrated technical services, operation execution and project management, and established the Group's advantageous position in providing integrated services for China's oil and gas fields. In the year, the Group was granted an integrated coal seam gas technical service contract. In 2010, the Integrated Project Business Unit achieved revenue of RMB26.8 million.

In particular, revenue of the directional drilling division was RMB70.7 million, representing a decrease of 19.8% from 2009. The Group had established various technological features of high temperature and high pressure directional drilling, casing exiting sidetracking and drilling acceleration. The above technologies had been successfully applied in oil and gas fields.

Improvement of business structure in tubular services and enhanced profitability

In 2010, revenue of the tubular services cluster was RMB184.0 million, which represented a decrease of 36.1% from 2009 and accounted for 19.4% of the Group's revenue. The change was primarily due to the Group's initiative in adjusting its business structure to increase the proportion of high value-added technical services such as tubular testing and repair in the cluster and decrease the proportion of production and sales of tubulars. The profitability of the cluster was therefore enhanced. In 2010, the Group was granted a mandate to repair tubular premium connections from Baosteel. The mandate from Baosteel testified the Group's strength in the area of tubular repair and further enhanced the Group's competitiveness in the industry.

Follow-up strategy in overseas market demonstrated remarkable results

The follow-up strategy adopted by the Group has shown significant pay-offs. In 2010, revenue from overseas business amounted to RMB160.0 million, increasing 85.5% year-on-year, and the contribution to the Group's revenue increased from 12.5% in 2009 to 16.8%.

The Group's overseas market scope expanded from the Middle Asia and Africa to the global market which covers the Middle Asia, Africa and America with the Middle East as the focus.

Continuously increasing of R&D efforts

The Group continued to increase its investments in R&D around the three technological specialisations of natural gas development, horizontal well operation and the integrated services. It has established dedicated research centres, including a coal seam gas project division, a shale gas research centre and an underground gas storage facilities research centre. In 2010, the Group established a research and development centre in Houston in the United States, the oilfield services centre of the world. This will facilitate cooperation with various types of international oilfield services companies and tertiary education institutions and will enhance the Group's global R&D strength while also lowering R&D costs.

During the year, the Group obtained 46 patent rights, increasing the total number of patent rights owned by the Group to 294.

Continuously optimising personnel structure and reinforcing recruiting efforts

In response to strategic development needs, the Group continuously and actively optimised its personnel structure. In 2010, a human resources system was developed. As a result, overall personnel profile was further optimised, efforts to recruit technical personnel and maintain a talent pool were further bolstered and the internationalisation of the personnel system was advanced. The Group placed more emphasis on campus

Press Release

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recruitments and 185 fresh graduates were recruited in 2010. It is expected that 238 fresh graduates and more high-end personnel will be recruited in 2011, thus laying a solid foundation to equip the Group with the talents for starting up its business for a second time.

Excellent market conditions and development opportunities

Looking ahead, Mr. Luo said, "In 2011, we are presented with excellent development opportunities. In the domestic market, we will firmly seize opportunities arising from natural gas investments, extensive application of horizontal well technology and the rising demand for integrated services. We will make the investment focuses and hotspots of Chinese oil companies as our key markets and expand our business rapidly. Overseas, we will strictly adhere to our follow-up strategy and view the overseas oilfields of the Chinese investors as our target market. We will seize the great opportunities in the Middle East especially its post war reconstruction and concentrate on developing the Middle East market. Meanwhile, the Group will continue to consolidate its Central Asian and African markets and prepare itself to develop the American market."

"2010 was the first year of the Group's second starting up. By leveraging the recovery of the oil industry and new development opportunities, we had succeeded in returning to the previous path of rapid growth. We will accelerate our second starting up in 2011 and continue to adopt a differentiating competition strategy. We will forge our integrated oil and gas field exploration service system with well bore technologies as the core, thus differentiating ourselves from other competitors in terms of product positioning. Meanwhile, we will exert greater efforts in establishing strong technical support and service capabilities and will create value for our customers continuously, thus turning ourselves into their indispensable partner. Our goal is to become a leading international oilfield technical service company with a strong foothold in China," Mr. Luo added.

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Notes to Editors:

About Anton Oilfield Services Group

Anton Oilfield Services Group is a leading independent oilfield services provider. It was listed on the Stock Exchange of Hong Kong on 14 December 2007. Businesses of the Group cover well completion, down-hole operation, drilling technology and tubular services. The Group's products and services cover the whole development process of oil and gas field development. It has a nationwide sales network covering major oilfields throughout China and is actively expanding into overseas markets. The Group has strong R&D capability and is the only privately owned oilfield services provider in China which has set up a "Post-Doctoral Research Station". In 2010, the Group obtained 46 patent rights and the number of patent rights reached 294.

In October 2008, Anton Oilfield Services Group was listed in Forbes Asia's "Best Under A Billion" List in Asia-Pacific region, the only enterprise engaged in oilfield services.

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