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安東油田服務集團  
Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

## **DISCLOSEABLE TRANSACTION**

The Board announces that on 6 February 2013, Anton Oil and Xinjiang Anton, both being wholly-owned subsidiaries of the Company, the Purchaser and BACX entered into the Share Transfer Agreement pursuant to which Xinjiang Anton has agreed to sell and the Purchaser has agreed to buy the Sale Shares subject to the terms and conditions of the Share Transfer Agreement. The Sale Shares represent 55% of the registered capital of BACX. Upon completion of the Disposal, BACX will cease to be a subsidiary of the Group.

As one of the relevant percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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## **THE SHARE TRANSFER AGREEMENT**

### **Date of the agreement**

6 February 2013

### **Parties to the agreement**

- (1) Anton Oil;
- (2) Xinjiang Anton;
- (3) the Purchaser; and
- (4) BACX

Anton Oil and Xinjiang Anton are wholly-owned subsidiaries of the Company and are engaged in the provision of oilfield services. The Purchaser is an individual. To the best of the Directors' knowledge, having made all reasonable enquiry, the Purchaser is independent of and not connected with the Company or any of its connected persons.

The Group and the Purchaser have not entered into any transactions of a similar nature in the past 12 months that would need to be aggregated with the Disposal pursuant to Rule 14.22 of the Listing Rules.

### **The Disposal**

Pursuant to the terms of the Share Transfer Agreement, Xinjiang Anton will sell and the Purchaser will buy the Sale Shares. The Sale Shares represent 55% of the registered capital of BACX. BACX is an investment holding company which was established on 18 May 2012 to hold the entire equity interests in the Bazhou Companies. As at the date of this announcement, BACX is owned as to 55% by Xinjiang Anton and as to 45% by the Bazhou Minority Shareholders. The Bazhou Companies are principally engaged in the supply of materials and the provision of technical services for water-based drilling fluid services.

Based on the unaudited combined accounts of BACX as compiled by PRC GAAP, commencing from its incorporation on 18 May 2012, the before and after tax profits/losses of BACX and its subsidiaries for the two years ended 31 December 2012 are as follow:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Profits/(Losses) before tax	N.A.	(8,238)
Profits/(Losses) after tax	N.A.	(8,980)

The unaudited net asset value of BACX as at 31 December 2012 was RMB 63,284,355 (equivalent to HK\$78,023,281).

### **Consideration**

The consideration for the Disposal is a sum of RMB56,496,948 (equivalent to HK\$69,655,087). The consideration was determined after arm's length negotiations between the parties with reference to the original investment paid by the Group in the acquisition of the Bazhou Companies in 2012 in the amount of RMB50,000,000, and a premium of RMB6,496,948 to cover the costs and expenses incurred by the Group relating to the acquisition and thereafter.

The consideration will be paid in full by the Purchaser to the nominated bank account of Xinjiang Anton before 7 February 2013 and such amount will be irrevocably released to Xinjiang Anton upon the Purchaser's receipt of the share transfer documents signed by Xinjiang Anton for the registration of the share transfer with the relevant administrative bureau for industry and commerce.

### **Financial effect of the Disposal**

The Group is expected to realise an unaudited gain on disposal of RMB13,250,814 (equivalent to HK\$16,336,929), calculated with reference to the consideration of the Disposal less the original investment cost paid by the Group for the interests in the Bazhou Companies and less the loss assumed by the Group during the operating period of BACX. The Company intends to apply the proceeds from the Disposal as capital to accelerate the construction of service capacity for drilling fluid services and as general working capital of the Group.

Upon completion of the Disposal, the Company will no longer have any interest in BACX and BACX, together with the Bazhou Companies, will cease to be accounted for as subsidiaries of the Company.

### **Other terms of the Disposal**

Pursuant to the terms of the Share Transfer Agreement, the Purchaser and the Bazhou Minority Shareholders will assume all liabilities of BACX upon completion of the Disposal. At the same time, as the de facto operational managers of BACX, the Bazhou Minority Shareholders have represented and warranted to the Purchaser on the reliability, accuracy and completeness of the financial statements together with the assets and liabilities of BACX and the Bazhou Companies as of the transfer of the Sale Shares.

The Group has the right to, within a period of six months of the Disposal, evaluate whether any employees of BACX and the Bazhou Companies fulfill the employment requirements of the Group, and for those who meet such requirements and agree to join the Group, the Purchaser and Bazhou Minority Shareholders will agree to accept the resignation of such employee and permit the employee to take up employment with the Group. BACX will be liable to paying any outstanding salaries of such employees prior to resignation.

In view of the entering into of the Share Transfer Agreement, Anton Oil and Xinjiang Anton have also entered into a termination agreement with the Bazhou Minority Shareholders on the same date as the Share Transfer Agreement to terminate their cooperation on BACX. The termination will take effect from the completion of the Disposal.

### **Reasons for the transaction**

Anton Oil and the then vendors of the Bazhou Companies (including the Bazhou Minority Shareholders) set a limit on the maximum amount of liabilities undertaken by the Bazhou Companies when Anton Oil acquired the interests in the Bazhou Companies in May 2012. However, the contingent liabilities at that time have been confirmed and exceeded the predefined level, resulting in a tight cash position and operational losses incurred by the Bazhou Companies and BACX's inability to satisfy the profitability requirements set by the Group, presenting noticeable operational risks to the Group. The Group thus decided to proceed with the Disposal triggered by the risk mitigation mechanism specified in the acquisition and cooperation agreement dated 14 May 2012 in relation to the acquisition of the Bazhou Companies' stake so as to protect the Group from the potential impact of such risks. Since the Bazhou Companies are involved in the provision of water-based drilling fluid material and services and one of the Group's new key services in 2012 was the high-end oil-based

drilling fluid service which witnessed robust order backlogs over the past year with a growth momentum in the future and targets a different market as compared with the water-based drilling fluid service provided by the Bazhou Companies, the Directors are of the view that the Disposal will not have any impact on the Group's oil-based drilling fluid business. Upon completion of the Disposal, the Group will accelerate its talent acquisition and other investment to further enhance the drilling fluid services and consolidate the development of the drilling fluid business, growing it as one of the Group's core businesses.

The Directors (including the independent non-executive Directors) consider that the Share Transfer Agreement has been entered into on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Disposal is in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

The Group is principally engaged in the provision of one-stop oilfield services and products covering the drilling, well completion and production stages of the development process.

As one of the relevant percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Anton Oil”	安東石油技術(集團)有限公司 (Anton Oilfield Services (Group) Limited*), an indirect wholly owned subsidiary of the Company established in the PRC;
“BACX”	巴州安東暢想應用化學技術有限公司 (Bazhou Anton Chang Xiang Applied Chemical Technology Co., Ltd.*), a 55% owned subsidiary of Xinjiang Anton;

“Bazhou Companies”	巴州暢想應用化學技術有限公司 (Bazhou Chang Xiang Applied Chemical Technology Co. Ltd.*) and 巴州誠熙石油物資有限公司 (Bazhou Cheng Xi Petroleum Commodity Co. Ltd.*), which are companies established in the PRC and are wholly-owned subsidiaries of BACX;
“Bazhou Minority Shareholders”	黎明 (Li Ming*) and 古再努爾•沙特 (Guzainuer Shate*), the other shareholders of BACX, who own in aggregate 45% of the registered capital of BACX;
“Board”	the board of directors of the Company;
“Company”	Anton Oilfield Services Group, a company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Disposal”	the sale of the Sale Shares by Xinjiang Anton pursuant to the terms of the Share Transfer Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Purchaser”	蔣超 (Jiang Chao*), an independent third party, the purchaser of the Sale Shares;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	55% of the registered capital in BACX;
“Share Transfer Agreement”	the agreement dated 6 February 2013 entered into between Anton Oil, Xinjiang Anton, the Purchaser and BACX;
“Shareholder(s)”	shareholders of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xinjiang Anton”	新疆安東石油技術服務有限責任公司 (Xinjiang Anton Oilfield Services Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Group;
“%”	per cent.

*For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1 = HK\$1.2329.*

By Order of the Board  
**Anton Oilfield Services Group**  
**Luo Lin**  
*Chairman*

Hong Kong, 7 February 2013

*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 of the Company is Mr. Jean Francois POUPEAU, and the independent non-executive Directors of the Company are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WANG Mingcai.*

\* *For identification purpose.*