安東石油
Antonoil

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Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3337)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009, APPOINTMENT OF AN EXECUTIVE DIRECTOR, RETIREMENT OF AN EXECUTIVE DIRECTOR AND AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

Due to the delay of capital expenditure plan and reduction of work volume by oil companies as a result of the international financial turmoil, the Group's revenue decreased from RMB763.3 million in 2008 to RMB690.0 million in 2009. Net profit attributable to equity holders of the Company decreased to RMB32.0 million in 2009 from RMB68.5 million in 2008.

The proposed final dividend was RMB0.0086 per share.

APPOINTMENT OF AN EXECUTIVE DIRECTOR

The Board announces that Mr. Wu Di has been appointed as an Executive Director of the Company with effect from 22 March 2010.

RETIREMENT OF AN EXECUTIVE DIRECTOR

The Board announces that Mr. Pan Weiguo will retire as an Executive Director of the Company with effect from the conclusion of the Annual General Meeting on 27 May 2010.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board announces that a special resolution will be proposed at the Annual General Meeting on 27 May 2010 to amend the Company's Memorandum and Articles of Association in order to, among others, empower the Company to adopt deemed consent approach in using the Company's website for corporate communication with shareholders.

RESULTS

The board of directors (the "Board") of Anton Oilfield Services Group (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009 with comparative figures for 2008, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Revenue	4	**690,030**	763,266
Other gains/(losses), net		**3,748**	(14,551)
Operating costs			
Material costs		**(368,240)**	(343,977)
Staff costs		**(115,140)**	(126,143)
Operating lease expenses		**(7,496)**	(24,059)
Depreciation and amortisation		**(34,547)**	(25,722)
Sales tax and surcharges		**(13,547)**	(7,321)
Others		**(117,317)**	(79,743)
		(656,287)	(606,965)
Operating profit	5	**37,491**	141,750
Interest income		**3,403**	18,015
Finance expenses		**(1,602)**	(55,698)
Finance income/(costs), net	6	**1,801**	(37,683)
Share of (loss)/profit of a jointly controlled entity		**(961)**	1,351
Profit before income tax		**38,331**	105,418
Income tax expense	7	**(725)**	(33,273)
Profit for the year		**37,606**	72,145
Attributable to:			
Equity holders of the Company		**32,020**	68,463
Minority interests		**5,586**	3,682
		37,606	72,145
Dividends	11	**18,000**	57,000
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
– basic	8	**0.0153**	0.0327
– diluted		**0.0153**	0.0325

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Profit for the year	**37,606**	72,145
Other comprehensive income/(loss), net of tax:		
Currency translation differences	**(83)**	(96)
Other comprehensive income/(loss), net of tax for the year	**(83)**	(96)
Total comprehensive income for the year	**37,523**	72,049
Attributable to:		
– Equity holders of the Company	**31,937**	68,367
– Minority interests	**5,586**	3,682
Total comprehensive income for the year	**37,523**	72,049

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	As at 31 December 2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**334,240**	248,444
Land use rights		**26,051**	26,072
Intangible assets		**312,087**	291,186
Investment in a jointly controlled entity		**50,668**	51,629
Deferred income tax assets		**639**	532
		723,685	617,863
Current assets			
Inventories		**211,613**	202,591
Trade and notes receivables	9	**429,985**	453,225
Prepayments and other receivables		**82,509**	194,757
Financial assets at fair value through profit or loss		**—**	33,859
Restricted bank deposits		**3,120**	—
Term deposits with initial terms of over three months		**67,609**	115,109
Cash and cash equivalents		**272,959**	307,918
		1,067,795	1,307,459
Total assets		**1,791,480**	1,925,322

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2009

	Note	As at 31 December 2009 RMB'000	2008 RMB'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**197,411**	197,411
Reserves			
– Proposed final dividend	11	**18,000**	57,000
– Others		**1,295,954**	1,265,084
		1,511,365	1,519,495
Minority interests		**34,714**	31,119
Total equity		**1,546,079**	1,550,614
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**2,479**	5,407
		2,479	5,407
Current liabilities			
Short-term borrowings		**50,000**	7,000
Trade and notes payables	10	**103,138**	123,545
Accruals and other payables		**77,895**	215,934
Current income tax liabilities		**11,889**	22,822
		242,922	369,301
Total liabilities		**245,401**	374,708
Total equity and liabilities		**1,791,480**	1,925,322
Net current assets		**824,873**	938,158
Total assets less current liabilities		**1,548,558**	1,556,021

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December	
		2009	2008
		RMB'000	RMB'000
Cash flows from operating activities			
Net cash inflows from operations	12	**66,207**	37,425
Interest paid		**(474)**	(4,497)
Interest received		**3,202**	16,904
Income tax paid		**(14,694)**	(26,808)
Net cash generated from operating activities		**54,241**	23,024
Cash flows from investing activities			
Purchase of property, plant and equipment		**(152,929)**	(85,239)
Proceeds from disposal of property, plant and equipment		**1,661**	808
Purchase of land use rights		**(537)**	—
Purchase of intangible assets		**(23,129)**	(7,417)
Acquisition of subsidiaries, net of cash received		**(102,054)**	(215,031)
Disposal of a subsidiary, net of cash payment		**(2,126)**	—
Increase in investment in a jointly controlled entity		**—**	(16,380)
(Increase)/Decrease in restricted bank deposits		**(3,120)**	82,610
Decrease/(Increase) in term deposits with initial terms of over three months		**47,500**	(115,109)
Decrease/(Increase) in entrusted loans and structured deposits		**121,000**	(121,000)
Proceeds from entrusted loans and structured deposits		**5,888**	670
Disposal/(Purchase) of financial assets at fair value through profit or loss		**33,418**	(51,943)
Net cash used in investing activities		**(74,428)**	(528,031)
Cash flows from financing activities			
Proceeds from short-term borrowings		**70,000**	57,000
Repayments of short-term borrowings		**(27,000)**	(213,500)
Issue of new shares		**—**	45,218
Share issue expenses		**—**	(1,813)
Dividends distribution		**(57,000)**	—
Net cash used from financing activities		**(14,000)**	(113,095)
Net decrease in cash and cash equivalents		**(34,187)**	(618,102)
Cash and cash equivalents, at beginning of the year		**307,918**	976,654
Exchange loss on cash and cash equivalents		**(772)**	(50,634)
Cash and cash equivalents at end of the year		**272,959**	307,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION

Anton Oilfield Services Group (the 'Company') was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the 'Group') are principally engaged in providing oilfield technology services and manufacturing and trading of related products in the People's Republic of China (the 'PRC'). The Company listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited on 14 December 2007.

The directors regard Pro Development Holdings Corp., a company incorporated in British Virgin Islands as the ultimate holding company of the Company.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New and amended standards adopted by the Group in 2009

- IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company have adopted IFRS (amendment) from 1 January 2009. The amendment does not have a material impact on the Group's or the Company's financial statements.

- IFRS 8, 'Operating segments' (effective 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

3. SEGMENT INFORMATION

The CODM has been identified as the Chief Executive Officer, vice presidents and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments base on these reports.

The Group's reportable segments are entity or group of entities that offer different products and services, which is the basis by which the CODM makes decisions about resources to be allocated to the segments and assesses their performance. They are so managed according to different nature of products and services. Most of these entities engaged in just single business, except a few entities deal with diversified operation. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

The CODM assesses performance of four reportable segments: drilling technology, well completion technology, down-hole operation technology and oilfield tube and field support services.

Revenue recognised during the years ended 31 December 2009 and 2008 are as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Drilling technology	**88,139**	70,265
Well completion technology	**213,888**	240,842
Down-hole operation technology	**100,034**	111,589
Oilfield tube and field support services	**287,969**	340,570
Total	**690,030**	763,266

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies. The CODM evaluates the performance of the operating segments based on profit or loss before income tax expense, depreciation and amortisation, interest income, finance costs net, and share of (loss)/profit from a jointly controlled entity ('EBITDA').

	Drilling technology RMB'000	Well completion technology RMB'000	Down-hole operation technology RMB'000	Oilfield tube and field support services RMB'000	Total RMB'000
For the year ended 31 December 2009					
Revenue (from external customers)	**88,139**	**213,888**	**100,034**	**287,969**	**690,030**
EBITDA	**22,396**	**91,534**	**37,801**	**51,237**	**202,968**
Depreciation and amortisation	**(1,702)**	**(10,258)**	**(4,034)**	**(13,291)**	**(29,285)**
Interest income	**—**	**637**	**55**	**52**	**744**
Finance costs, net	**—**	**(131)**	**(12)**	**(131)**	**(274)**
Share of loss from a jointly controlled entity	**—**	**—**	**—**	**(961)**	**(961)**
Income tax expense	**337**	**(2,125)**	**141**	**922**	**(725)**
For the year ended 31 December 2008					
Revenue (from external customers)	70,265	240,842	111,589	340,570	763,266
EBITDA	27,649	153,924	64,335	91,600	337,508
Depreciation and amortisation	(544)	(7,325)	(2,580)	(12,319)	(22,768)
Interest income	—	135	33	76	244
Finance costs, net	—	(348)	(6)	(389)	(743)
Share of profit from a jointly controlled entity	—	—	—	1,351	1,351
Income tax expense	(1,878)	(16,630)	(5,282)	(6,483)	(30,273)

	Drilling technology	Well completion technology	Down-hole operation technology	Oilfield tube and field support services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009					
Total assets	**46,778**	**618,029**	**143,267**	**354,205**	**1,162,279**
Total assets include:					
Investments in a jointly controlled entity	**–**	**–**	**–**	**50,668**	**50,668**
Additions to non-current assets (other than deferred tax assets)	**25,621**	**20,607**	**6,657**	**62,997**	**115,882**
As at 31 December 2008					
Total assets	22,036	581,381	138,204	353,681	1,095,302
Total assets include:					
Investments in a jointly controlled entity	–	–	–	51,629	51,629
Additions to non-current assets (other than deferred tax assets)	17,401	182,704	66,471	15,666	282,242

A reconciliation of total EBITDA to total profit before income tax is provided as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
EBITDA for reportable segments	**202,968**	337,508
Corporate overheads	**(134,861)**	(210,174)
Depreciation	**(24,597)**	(18,113)
Amortisation	**(4,688)**	(4,655)
Interest income	**744**	244
Finance costs, net	**(274)**	(743)
Share of (loss)/profit of a jointly controlled entity	**(961)**	1,351
Profit before income tax	**38,331**	105,418

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Assets for reportable segments	**1,162,279**	1,095,302
Corporate assets for general management	**629,201**	830,020
Total Assets	**1,791,480**	1,925,322

4. REVENUE

Revenue by category is analysed as the following:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Sales of goods	**493,369**	502,688
Sales of services	**196,661**	260,578
	690,030	763,266

5. EXPENSE BY NATURE

Operating profit is arrived at after charging/(crediting) the following:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
(Gains)/Losses on disposal of property, plant and equipment	**(126)**	135
Addition for impairment of receivables	**11,751**	1,938
Reversal for impairment of receivables	**–**	(5,168)
Written off trade receivables	**(3,762)**	(828)
Sales tax and surcharges	**13,547**	7,321
Depreciation	**29,389**	21,067
Amortisation of intangible assets and land use rights	**5,158**	4,655
Auditor's remuneration	**3,300**	3,700

6. FINANCE INCOME/(COSTS), NET

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Interest income	**3,403**	18,015
Interest expenses on bank borrowings	**(474)**	(4,497)
Exchange loss, net	**(683)**	(50,538)
Bank surcharges and others	**(445)**	(663)
	1,801	(37,683)

7. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

PRC enterprise income tax ('EIT') is provided on the basis of the profits of the PRC established subsidiaries for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable enterprise income tax rate for the subsidiaries of the Group was 25% in 2009 (for the year ended 31 December 2008: 25%), based on the relevant PRC tax laws and regulations, except that certain subsidiaries which are taxed at preferential tax rates as detailed below. The statutory income tax is assessed on an individual entity basis, based on their results of operations. The commencement dates of tax holiday period of each entity are individually determined.

The applicable EIT tax rates of the Group companies during the years ended 31 December 2009 and 2008 are detailed as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Current income tax		
– PRC income tax	**(669)**	30,772
– Other	**1,429**	(181)
Deferred income tax		
– Deferred tax relating to the origination and reversal of temporary differences	**(35)**	3,923
– Deferred tax resulting from a decrease in PRC tax rate	**–**	(1,241)
	725	33,273

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**32,020**	68,463
Weighted average number of ordinary shares in issue (thousands of shares)	**2,093,054**	2,092,488
Basic earnings per share (expressed in RMB per share)	**0.0153**	0.0327

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2009, the only dilutive factor of the Company was the outstanding share options. For the purpose of calculating diluted earnings per share, the Company assumed the outstanding share options had been exercised upon the grant dates of the options. Meanwhile, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares from 1 January 2009 to 31 December 2009) based on the monetary value of the subscription rights attached to outstanding share options, which are deducted from the total number of outstanding share options to determine the number of diluted shares deemed to be issued at no consideration.

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**32,020**	68,463
Weighted average number of ordinary shares in issue (thousands of shares)	**2,093,054**	2,092,488
Adjustments for assumed conversion of share options (thousands of shares) (Note)	**–**	13,760
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	**2,093,054**	2,106,248
Diluted earnings per share (expressed in RMB per share)	**0.0153**	0.0325

Note: No adjustments for assumed conversion of share options for the year ended 31 December 2009 due to the assumed exercise prices were higher than the average market share price. Therefore there were no dilutive ordinary shares.

9. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Trade receivables, net (Note (a))	**417,974**	443,343
Notes receivables (Note (b))	**12,011**	9,882
	429,985	453,225

Note:

(a) Ageing analysis of gross trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
1-6 months	**232,790**	323,065
6 months-1 year	**87,181**	85,995
1-2 years	**99,297**	31,594
2-3 years	**3,604**	5,427
Over 3 years	**2,319**	962
Trade receivables, gross	**425,191**	447,043
Less: Impairment of receivables	**(7,217)**	(3,700)
Trade receivables, net	**417,974**	443,343

(b) Notes receivables are bank acceptance with maturity dates within six months.

(c) As at 31 December 2009, RMB410,877,000 (31 December 2008: RMB409,837,000) and RMB19,108,000 (31 December 2008: RMB43,388,000) of trade and notes receivables were denominated in RMB and US$, respectively.

(d) The fair values of trade and notes receivables approximated their carrying values due to the short maturity.

(e) Most of the trade receivables are with credit terms of six months, except for retention money which would be collected one year after the completion of the sales.

(f) Movements of impairment of trade receivables are as follows:

	RMB'000
As at 1 January 2008	6,957
Acquisition of subsidiaries	801
Additions	1,938
Reversed	(5,168)
Written off	(828)
As at 31 December 2008	**3,700**
Additions	**9,261**
Written off	**(3,762)**
Dispose of a subsidiary	**(1,982)**
As at 31 December 2009	**7,217**

10. TRADE AND NOTES PAYABLES

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Trade payables	**78,921**	89,856
Trade payables to a related party	**9,693**	4,542
Notes payables	**14,524**	29,147
	103,138	123,545

Ageing analysis of trade payables and notes payables at the respective balance sheet dates is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Less than 1 year	**93,763**	115,563
1-2 years	**6,961**	6,593
2-3 years	**1,406**	868
Over 3 years	**1,008**	521
	103,138	123,545

The fair value of trade and notes payables approximated their carrying value due to their short maturity period.

11. DIVIDENDS

On 22 March 2010, the directors recommended the payment of a final dividend of RMB0.0086 per ordinary share, totaling RMB18,000,000, which is to be paid out of the share premium account of the Company. Such dividend is subject to the approval by the shareholders at the next Annual General Meeting. These financial statements do not reflect this dividend payable.

12. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit for the year to net cash inflows generated from operations:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Profit for the year	**37,606**	72,145
Adjustments for:		
Property, plant and equipment		
– depreciation charge	**29,389**	21,067
– net (gain)/loss on disposals	**(126)**	135
Amortisation of land use rights and intangible assets	**5,158**	4,655
Addition/(reversal) of impairment of receivables	**7,989**	(4,058)
Charge of share option scheme	**15,357**	35,403
Fair value loss on financial assets at fair value through profit or loss	**441**	18,084
Investment gains from entrusted loans and structured deposits	**(3,068)**	(3,490)
Share of (loss)/profit of a jointly controlled entity	**961**	(1,351)
Net foreign exchange loss	**683**	50,538
Interest income	**(3,403)**	(18,015)
Interest expenses on bank borrowings	**474**	4,497
Income tax expense	**725**	33,273
Changes in working capital:		
Inventories	**(12,229)**	(67,464)
Trade and notes receivables	**14,685**	(121,580)
Prepayments and other receivables	**5,943**	(22,742)
Trade and notes payables	**(2,663)**	46,287
Accruals and other payables	**(31,715)**	(9,959)
Net cash inflows from operations	**66,207**	37,425

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is one of the leading independent oilfield technical service providers in China. Our drilling technology, well completion technology, down-hole operation technology and oilfield tube and field support services provide products and services covering the entire oilfield life cycle in oil and gas field development, including drilling, well completion and production.

The Group experienced a very difficult year in 2009, a year where the impact of the financial turmoil on domestic oil companies gradually surfaced. Oilfield customers reduced their capital expenditures, delayed production plans and scale-back operation workload, which all resulted in direct negative consequences to the business of the Group. Revenue of the Group in 2009 amounted to RMB690.0 million, representing a decrease of RMB73.3 million or 9.6%, when compared with 2008. Net profit after tax for the year attributable to equity holders of the Company was RMB32.0 million, representing a decrease of RMB36.5 million or 53.3%, when compared with 2008.

Drilling technology business

The drilling technology business of the Group made significant breakthroughs in 2009, as our capabilities in integrated drilling technology and directional technology services grew continuously and gradually improved our market share in the market. Revenue from drilling technology business reached RMB88.1 million in 2009, representing an increase of RMB17.8 million or 25.3%, when compared with 2008.

The directional technology services of the Group became more mature. Our equipment and technicians were already in place and could provide operation services to 5 wells at the same time. The size of our directional technology service team had a leading position in China. The directional technology services achieved output of RMB61.6 million in 2009. It is expected that this business will account for greater proportion of the revenue of the Group in 2010.

In 2009, the Group successfully completed CPX controlled pressure side-drilling of Daqing Songshen horizontal well. This well required very complex construction craft, as it required integration of various technology, namely casing exiting technology, slim hole drilling technology, deep well drilling technology, controlled pressure drilling technology and fire stratified rock drilling technology, etc., into a single craft, signifying our profound sophistication in proprietary drilling technologies. Meanwhile, our integrated drilling technology services were utilised in northeast region, southwest region and northwest region of China.

Well completion technology business

In 2009, our revenue from well completion technology business was RMB213.9 million, representing a decrease of RMB26.9 million or 11.2%, when compared with 2008.

In 2009, the Group carried out integrated well completion technology services for 532 wells; most notably the integrated well completion technology services provided for 長深平A井 and 長深平B井. These services mainly covered various aspects of drilling such as tool selling, product delivery and development of tieback tools, further reflecting the integrated capability of the Group's one-stop services. The self-developed well completion tools of the Group will become our important growth driver in 2010.

Our gravel-packing sand control technology was successfully implemented in the construction of 曙X horizontal well in Liaohe oilfield, and the sand control results were desirable. We captured solid market positions in Shengli oilfield, Zhongyuan oilfield and Jidong oilfield. The Group also made every effort to develop the markets such as Dagang oilfield, Liaohe oilfield and Kelamayi Oilfield to promote our gravel-packing sand control technology to various markets from a single market. Meanwhile, the self-developed water control screen had been put into commercial use, thus making contribution to the revenue growth of the Group in 2010.

During the year, as affected by the postponement of capital expenditure plans by oilfield customers, sales of sand screens of the Group was unsatisfactory with sales of only 55,614 metres, decreased by 59,998 metres, when compared with 2008. Meanwhile, sales of production equipment and tools also decreased. Sales of polished rods in 2009 amounted to 3,807 pieces. Sales of couplings in 2009 amounted to 51,732 pieces. Sales of down-hole pumps amounted to 167 pieces.

Down-hole operation technology business

In 2009, our revenue from down-hole operation technology business was RMB100.0 million, representing a decrease of RMB11.6 million or 10.4%, when compared with 2008.

In 2009, the Group performed 190 acidization, fracturing and chemical EOR (enhanced oil recovery) operations. In June 2009, the Group successfully completed the first open hole multi-stage sanded fracture construction for horizontal well of Sulige gas field. After completing the construction, the well operated at a production rate several times higher than that of the surrounding fractured wells. The successful application of open hole multi-stage fracture technology for horizontal well facilitated the high-efficiency excavation of gas wells in the Sulige region, which marked the Group's successful entrance into the North Shaanxi market.

In 2009, the Group commenced the equipment service segment, which included coiled tubing operation and tubular helium testing services.

During the year, we successfully completed our coiled tubing investment plan and commenced provision of on-site operation services. Drilling, grinding, milling, sand-washing and plugging removal（鑽磨銑沖砂解堵）operations were completed successfully in totally 4 oil and gas wells successively, including 七里x井, 龍會x井, 雲陽x井 and 廣安x井. Among which, the successful implementation of negative pressure sand washing in 廣安x井 served as an effective solution for subsequent excavation of low-pressure sand producing wells; as the gas wells doubled in production after sand washing operations and realised continuous production. These all show the market potential for coiled tubing operation technology services.

In the meantime, we further expanded our markets of tubular helium testing technique services, providing sealed testing services to Sichuan oilfield, Tarim oilfield and Jilin oilfield. This further fortified our leading position in terms of scale and technological advancement in tubular helium testing among our domestic counterparts.

Oilfield tube and field support services business

In 2009, our revenue from oilfield tube and field support services business was RMB288.0 million, representing a decrease of RMB52.6 million or 15.4%, when compared with 2008.

Sales volume of key oilfield tube products:

		Year ended 31 December	
	Unit	**2009**	2008
Drill pipe	tonne	**2,438**	2,490
Heavy-weight drill pipe/collar	piece	**1,942**	1,822
Oil pipe	tonne	**2,998**	1,607

In 2009, while we consolidated our testing and surfacing services in the domestic market, we continued our expansion overseas. In Kazakhstan, for instance, the Group completed grading testing（分級檢測）for 11 wells and provided repair and regular damage inspection services for over 30 wells in 2009. As of 31 December 2009, the testing and surfacing services teams of the Group tested a total of 364,619 equipment of various kinds, and these services were generally well-received by our customers.

Marketing

In 2009, market conditions were extremely difficult for the Group. The delay of capital expenditure plan and the shrinking of operation volume by oil companies resulted in various degrees of impact on the domestic oilfield services industry, which led to the first significant drop in the Group's operation results. In order to cope with this tough market environment, we swiftly adjusted our marketing strategies and strengthened marketing efforts in terms of our technology. In 2009, the Group still managed to achieve certain results and developments in marketing in various oil and gas regions. In the Tarim area, by strengthening the traditional projects of our existing field services, the Group built on such foundation to successfully achieve results in new projects such as tubular helium testing. In the Southwest China, the Group made an important breakthrough through the coiled tubing services. In the Liaohe area, our gravel-packing sand control technology was successfully applied in 曙 x horizontal well, as the well had the most serious sand producing problem. In the North Shaanxi area, the Group successfully completed the first open-hole multi-stage sanded fracture construction in the horizontal well of Sulige gas field, marking the Group's successful entrance into this market.

At the same time, we further enhanced our market position and market influence by establishing strategic alliances with institutions such as the PetroChina Oil Drilling Institution（中石油鑽井院）and PetroChina Sulige region oilfield unit, thereby laying a more solid foundation for our future market expansions.

In 2009, we further improved our international businesses by making breakthroughs in a number of markets. Our overseas oilfield tube testing business established a base in Kazakhstan, realising revenue of approximately RMB14.1 million. Well completion construction projects were progressing smoothly, while an overseas service team consisting of professionals with high technological standards and good language competence was built. Besides, drilling pipe testing and well completion services succeeded in entering into the Turkmenistan market. Our well completion sand-control, gravel-packing and sand picking coiled tubing services had also entered into the Middle East and Africa markets. In 2009, the international businesses of the Group realised revenue of approximately RMB86.4 million, representing an increase of 8.7% or RMB6.9 million, compared to 2008.

Revenue by region:

	Year ended 31 December	
	2009	2008
North China	**21.4%**	18.6%
Northwest China	**35.2%**	32.8%
Northeast China	**12.7%**	18.7%
Southwest China	**8.4%**	20.3%
Overseas	**12.5%**	6.6%
Others	**9.8%**	3.0%

Research and Development

In 2009, the research and development expenditure of the Group was approximately RMB34.8 million. The Group registered 72 new patents and the total number of patents of the Group increased to 210. Meanwhile, the Group jointly established Anton Research and Design Institute of China University of Petroleum with the China University of Petroleum, and signed strategic cooperation framework agreements with Oil-drilling Engineering Technology Research Institute of CNPC, Mud Technology Service Branch of CNPC Bohai Drilling Engineering Company Limited and Gas Production Engineering Research Institute of PetroChina Southwest Oil & Gasfield Company respectively to form strategic cooperating alliance. The strategic cooperation with the above institutions and engineering and technology institutes further enhanced the Group's research and development ("R & D") strength and core competitiveness in the technological area.

In 2009, the Group's technological R & D primarily focused on our core businesses. In the drilling technological area, the Group achieved a series of technological breakthrough with the development of deep well sidetracking technology in response to our customers' needs. In the well completion technological area, the Group successfully developed various well completion tools based on our own intellectual property rights such as high temperature thermal production packer, drill-free blinding plate（免鑽盲板）, rotary steering float shoe（旋轉導向浮鞋）, and drillable float collar and float shoe（可鑽浮箍浮鞋）; the self-developed water control screen had been launched in the market; and the third generation AOC alloy polished rods had commened mass production. In the down-hole operation technological area, the Group completed the investment in coiled tubing operation equipment and service capability and the new coiled tubing services had developed their construction capability of consideration scale. Meanwhile, the Group improved the well-casting tubular helium testing technology in response to the problems in the application of the said technology in terms of the geological conditions of gas wells in China. Our hydraulic horizontal technology was being developed. In the drilling tool service and tube manufacturing technological area, the Group developed portable tube repair tools. Most of these new technologies mentioned above had been put into commercial use and begun to create value for our customers.

Human Resources

The Group had adhered to the principle of human resources representing advanced productivity. As at 31 December 2009, the Group had a total of 1,210 employees, among which, 141 were sales staff, 437 were technical staff, 446 were on-site service staff and 186 were functional management staff. During the year, we granted options to the core staff according to our share option scheme. Meanwhile, we would continue our effort to attract high-quality professionals in every area to assist the rapid and stable growth of the Group in the future.

The remuneration of employees of the Group is determined based on individual performance, nature and responsibilities of their duties and the performance of the Group. We regularly review and assess our human resource requirements and the prevailing market trend and make appropriate adjustment.

Outlook

Looking forward to 2010, the international economy will rebound in general, and the Chinese economy will still maintain rapid and stable growth. The demand for energy in China is increasingly strong, and the Chinese oilfield customers' demand for advanced technical services is still very strong. We are improving our product positioning, marketing, as well as technical support, and enhancing our core advantage, striving to become an oilfield technical service provider with a focus on well completion technology and with international competitive edge.

In respect of product positioning, we will further refine our one-stop service system focusing on well completion. We have commenced the equipment service segment, which included coiled tubing operation and tubular helium testing services on the basis of the four existing segments of drilling technology, well completion technology, down-hole operation and tube services and field support. We are planning to commence the chemical materials segment in due course in the future. The Group will strive to build up our horizontal well completion operation technology characteristics to become a service provider equipped with independent intellectual rights and economy of scale.

In respect of the technical support system, the Group will strive to develop each segment into a separate customer-oriented division with value creation, thus realizing the synergy effects among each division by mutual support and providing our customers with one-stop service.

In respect of the domestic market, the Group will target at the horizontal well and natural gas markets as our major markets and focus on the key sites and hot spots of oilfield exploration. Meanwhile, the Group will make greater effort to the service field construction in Tarim Basin, Jilin and Shengli, and accelerate the preparation and construction of the Sichuan and Sulige field.

In respect of the international market, the Group will put effort into establishing the strategic partnership with the China-invested oilfields overseas. We will leverage on our well completion service and self-developed products as core businesses to explore the international market. In the meantime, we focus on establishing a network composed of the China-invested oilfields overseas with Dubai as our headquarters, and develop our field service capabilities in the developed markets.

Going forward, the domestic oil companies will pay more attention to the functions of the independent oilfield technical service providers, and increasingly emphasise on efficiency enhancement through technology as the domestic market will be further opened. The development provides favourable external conditions for the Group's sustained stable development. The Group will continue to focus on well completion with more clear product positioning of our well completion and down-hole operation services in contrast to product positioning of other oilfield service providers, thus strengthening our unique advantage. Meanwhile, The Group will reinforce independent R & D, and adhere to the model combined with organic development and merger and acquisition growth. Also, the Group will continue to create value for customers by keeping on enhancing and leveraging our advantage of capital, talent and management, thus becoming the indispensable partner of the customers.

FINANCIAL REVIEW

Revenue

The Group's revenue in 2009 amounted to RMB690.0 million, representing a decrease of RMB73.3 million or 9.6% compared to 2008. The decrease in our revenue was mainly attributable to the delay of capital expenditure plan and the shrinking of operation volume resulting from the international financial crisis.

Costs of Materials

The costs of materials increased from approximately RMB344.0 million in 2008 to RMB368.2 million in 2009, representing an increase of 7.0%. The increase was mainly due to change of revenue mix.

Staff Costs

Staff costs amounted to approximately RMB115.1 million in 2009, representing a decrease of RMB11.0 million or 8.7% from RMB126.1 million in 2008. This was mainly due to the amortisation cost of options granted decreased by approximately RMB20.0 million compared to that of 2008.

Operating Lease Expenses

Operating lease expense was approximately RMB7.5 million in 2009, representing a decrease of RMB16.6 million from 2008. The decrease was due to the decrease of leased equipment used in well services since the Group's own procured equipment has been put into use successively.

Depreciation and Amortisation

Depreciation and amortisation amounted to approximately RMB34.5 million in 2009, representing an increase of RMB8.8 million or 34.2% from RMB25.7 million in 2008. The increase was mainly attributable to the increase in depreciation of oilfield services equipment that has been put into use as well as the increase in amortisation and depreciation of intangible assets and fixed assets resulted from the acquisition of Jilin DongXin Oil Engineering Technology Co., Ltd. ('Jiling Dongxin') and Shangdong Precede Petroleum Technology Co., Ltd. ('Shandong Precede').

Sales tax and surcharges

Sales tax and surcharges was RMB13.5 million, increased by RMB6.2 million or 84.9% as compared with RMB7.3 million in 2008, mainly due to the increase in the proportion of revenue from services in total revenue.

Other Operating Costs

Other operating costs arrived at RMB117.3 million in 2009, representing an increase of RMB37.6 million or 47.2% compared to RMB79.7 million in 2008. The increase was mainly attributable to the increase of operating costs related to overseas market expansion and increase in R&D costs.

Operating Profit

As a result of the foregoing, the operating profit in 2009 arrived at approximately RMB37.5 million, representing a decrease of approximately RMB104.3 million or 73.6% compared to RMB141.8 million in 2008. The operating profit margin was 5.4% in 2009, representing a decrease of 13.2 percentage points from 18.6% in 2008.

Net Finance Costs

Net finance income was approximately RMB1.8 million in 2009, increased by approximately RMB39.5 million compared to net finance costs, RMB37.7 million in 2008. The sharp increase was mainly due to RMB50.5 million foreign exchange loss recognised by the Group in 2008.

Income Tax Expense

Income tax expense amounted to RMB0.7 million in 2009, representing a decrease of approximately RMB32.6 million from 2008, mainly because of a decrease in the total pre-tax profits of the Group's subsidiaries in the PRC during the year and the income tax refund obtained by the subsidiaries of the Group.

Profit for the Year

As a result of the foregoing, the Group's profit for 2009 was approximately RMB37.6 million, representing a decrease of approximately RMB34.5 million or 47.9% over the same period of 2008.

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company amounted to approximately RMB32.0 million in 2009, representing a decrease of RMB36.5 million or 53.3% over the same period of 2008.

Trade Receivables

As of 31 December 2009, the Group's net trade receivables were approximately RMB418.0 million, representing an decrease of RMB25.3 million compared to the end of 2008, mainly because the decrease in turnover. The average trade receivables turnover days (exclude quality guarantee deposits and other deposits) were 214 days in 2009, representing an increase of 42 days when compared with 2008.

The Group set up a special committee with our Chief Executive Officer as the chairman of the committee in the second half of 2008, with emphasis on improving our working capital management, especially for the collection of trade receivables. We set specific trade receivables collection target for each sales region, which is a key performance benchmark for the regional managers. In 2009, the Group collected RMB785.6 million, representing an increase of RMB51.1 million or 7.0% from 2008.

Inventory

As of 31 December 2009, the Group's inventory was approximately RMB211.6 million, representing an increase of RMB9.0 million compared to the end of 2008, mainly due to preparation for the production of the first quarter of 2010 by the Group.

LIQUIDITY AND CAPITAL RESOURCES

As of 31 December 2009, the Group's cash and cash equivalents amounted to approximately RMB343.7 million (included: restricted bank deposits, term deposits with initial terms of over three months, cash on hand and deposits in bank), representing a decrease of RMB79.3 million compared to the end of 2008, mainly because the Group deployed the cash raised through its IPO into its operations, and capital expenditure programs. As of 31 December 2009, the Group also had term deposits with initial terms of over three months of RMB67.6 million.

As at 31 December 2009, the Group's outstanding short term bank loans amounted to approximately RMB50 million. A domestic bank granted the Group a credit facility of RMB501.0 million, of which RMB436.5 million undrawn.

As at 31 December 2009, the gearing ratio of the Group was 9%, representing an increase of 1% compared to the gearing ratio of 8% in the same period of 2008, this was mainly due to the increase of short-term bank loans. Gearing ratio is calculated as net debt divided by total capital. Net debt includes borrowings and trade and notes payables. Total capital is calculated as equity plus net debt.

The equity attributable to the Company's equity holders decreased from RMB1.52 billion at the corresponding period of 2008 to RMB1.51 billion at2009. The decrease was mainly due to dividend RMB57.0 million of 2008 distributed this year offsetting an increase on equity attributable to the Company's equity holders from profit generated this year.

EXCHANGE RISK

The Group mainly conducts its business in RMB. During the year ended 31 December 2009, the Group expanded into overseas markets with most of transactions denominated and settled in US dollars. The exchange risk of the Group also comes from its foreign currency deposits in US dollars. The fluctuation in RMB exchange rate against US dollars may have a negative impact on the Group's operating results and financial position. As at 31 December 2009, the Group had foreign currency deposits equivalent to RMB51.1 million. Appreciation of RMB would result in exchange loss in those bank balances and other assets denominated in foreign currencies. During the year ended 31 December 2009, the Group did not use any derivatives to hedge against the risk of foreign exchange fluctuations.

CASHFLOW FROM OPERATING ACTIVITIES

Cash inflow from operating activities in 2009 was approximately RMB54.2 million, compared with a cash inflow of RMB23.0 million in 2008. This change was mainly because an increase in the recovered trade receivables for the period as compared to the pervious period.

CAPITAL EXPENDITURE AND INVESTMENT

The Group's capital expenditure for 2009 was approximately 279.1 million. The capital expenditure includes approximately RMB102.1 million, primarily for installment payments on acquisition of Beijing Hinen-Hitech Petroleum Technology Development Co., Ltd. ('Hinen-Hitech'), Shandong Precede and Jilin Dongxin.

The Group also invested approximately RMB138.5 million in core technical service projects of divisions, which mainly include directional well projects, coiled tubing operation projects, well completion tools testing centre projects, tubular helium testing projects and high pressure hydraulic jet radius horizontal well side drilling projects.

In 2010, the budgeted capital expenditure is approximately RMB270 million, mainly for the purposes of equipment procurement, service base construction and upgrade, continous investment on core technical service projects and possible acquisitions.

CONTRACTUAL LIABILITY

The Group's contractual commitments consist primarily of payment obligations under our operating lease arrangements for offices and certain equipment and machinery. The Group's operating lease commitments amounted to RMB16.5 million as of 31 December 2009.

The Company did not have any capital commitments related to investments in property, plant and equipment at the balance sheet date but not yet provided for in the balance sheets.

CONTIGENT LIABILITIES

As at 31 December 2009, the Group did not have any material contingent liabilities or guarantees.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2009, the Group did not have any off-balance sheet arrangement.

FINAL DIVIDENDS

At a Board meeting held on 22 March 2010, the Board recommended a final dividend to be paid out of the share premium account of the Company in respect of the year ended 31 December 2009 of RMB0.0086 per ordinary share, totaling RMB18.0 million (2008: RMB 57.0 million). This dividend is subject to the approval of shareholders at the Annual General Meeting ("AGM") to be held on 27 May 2010, and compliance with the Companies Law of the Cayman Islands.

If approved, the said dividend will be paid on or about 11 June 2010 to shareholders whose names appear on the register of members of the Company on 27 May 2010.

The dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 24 May 2010 to Thursday, 27 May 2010, both days inclusive, during which period no share transfers can be registered. In order to be entitled to the payment of dividend, and eligible for attending and voting at the 2010 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 20 May 2010.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") under Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2009, except for the following deviation:

Code provision A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer must be separated, and must not be assumed by one person. The Company does not separate the Chairman's and Chief Executive Officer's duties. Mr. Luo Lin served as both Chairman and Chief Executive Officer of the Company during the reporting period. Mr. Luo Lin was the main founder of the Group. He was responsible for our operational management since our establishment and was instrumental to the development of the Group. Mr. Luo Lin possesses rich petroleum industry experience and excellent operational management ability. The Board of Directors is of the view that continuing to have Mr. Luo Lin to serve as both the Chairman and Chief Executive Officer of the Company will safeguard the continuity of our operational management and can protect shareholders' interest.

DIRECTORS' SECURITIES TRANSACTIONS

The Directors of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules as the code of practice for carrying out securities transactions by the Company's directors. After specific enquiry with all members of the Board, the Company confirms that all directors have fully complied with the relevant standards stipulated in the above-mentioned rules during the reporting period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

Pursuant to the requirements of the Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all three existing Independent Non-executive Directors, namely Mr. Zhu Xiaoping (Chairman of the Audit Committee), Mr. Zhang Yongyi and Mr. Wang Mingcai. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2009.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board is pleased to announce that Mr. Wu Di has been appointed as an Executive Director of the Company with effect from 22 March 2010.

Wu Di (吳迪), aged 42, has joined the Company and acted as executive vice president in early March 2010. Mr. Wu graduated with a bachelor degree in oil reserve engineering from Southwestern Petroleum Institute (西南石油學院) in 1990 and obtained a master degree in oil and gas field development engineering from China University of Petroleum, Beijing in 2007. He was awarded a certificate of senior engineer in 2002 and was granted the title of professor senior engineer in 2009. During the period from 1990 to February 2010, Mr. Wu was employed by China National Petroleum Corporation (CNPC) and was appointed as the chief geologist of the Development Business Department of Tarim Oilfield Company (塔里木油田分公司) and the director of its Development Department. He has more than 20 years of experience in the oil industry.

Save as disclosed above, Mr. Wu Di did not hold any directorship in other listed public company in the last three years and he does not hold any position with the Company and its subsidiaries.

Mr. Wu Di has entered into written service contract with the Company for a term of 3 years commencing from 4 March 2010. In accordance with the Company's Article of Association, Mr. Wu Di will hold office until the forthcoming general meeting of the Company after his appointment and will be eligible for re-election at that meeting and is thereafter subject to rotation requirements and re-election. Mr. Wu Di will receive a basic salary of RMB576,000 annually.

Mr. Wu Di does not have any interest in the shares of the Company which is required to be disclosed under Part XV of the Securities and Futures Ordinance. Mr. Wu Di is not connected with any directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed herein, there is no information to be disclosed pursuant to the requirements of Rules 13.51 (2) (h) to (v) of the Listing Rules relating to the appointment of Mr. Wu Di and that need to be brought to the attention of shareholders of the Company.

The Board would like to express its warm welcome to Mr. Wu Di for joining the Board.

RETIRMENT OF EXECUTIVE DIRECTOR

The Board also announces that Mr. Pan Weiguo will retire as an Executive Director of the Company with effect at the conclusion of the AGM on 27 May 2010, to pursue other business opportunities.

Mr. Pan Weiguo confirmed that he has no claim against the Company in respect of any fees or compensation for loss of office and there is no disagreement with the Board and there are no matters relating to his retirement that need to be brought to the attention of the shareholders of the Company or The Stock Exchange of Hong Kong Limited.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to seek the approval of shareholders at the AGM on 27 May 2010 by passing a special resolution to amend the Company's Memorandum and Articles of Association in order to, among others, empower the Company to adopt deemed consent approach in using the Company's website for corporate communication with shareholders.

Details of the proposed special resolution for the amendments to the Company's Memorandum and Articles of Association will be set out in a circular, which contains, among others, information on the proposed amendments to the the Company's Memorandum and Articles of Association and the notice of AGM and will be dispatched to the shareholders in due course.

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

Hong Kong, 22 March 2010

As at the date of this announcement, the Executive Directors of the Company are Mr. Luo Lin, Mr. Ma Jian, Mr. Pan Weiguo and Mr. Wu Di; the Independent Non-executive Directors are Mr. Zhang Yongyi, Mr. Zhu Xiaoping and Mr. Wang Mingcai.