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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
AND
RESUMPTION OF TRADING

The Board wishes to announce that on 22 August 2008, Anton Oil, a wholly owned subsidiary of the Company, the Vendors and Oldcos entered into the Share Transfer Agreement pursuant to which Anton Oil agreed to acquire the oilfield services business controlled by the Vendors. Pursuant to the Share Transfer Agreement, Oldcos will inject their oilfield services business into Newco and transfer the Sale Shares, representing 70% of the registered capital of Newco, to Anton Oil at an aggregate consideration of RMB160 million. At the same time of the transfer of the Sale Shares, Anton Oil will also unilaterally inject RMB50 million cash into Newco and increase its registered capital. After completion of the transfer of the Sale Shares and capital increase, Newco will be held as to 75% by Anton Oil and as to 25% by the First Vendor.

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing, amongst other things, further details relating to the Acquisition will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in its shares has been suspended with effect from 9:30 a.m. on 25 August 2008 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of the Company from 9:30 a.m. on 27 August 2008.

THE SHARE PURCHASE AGREEMENT

Date of the agreement

22 August 2008

Parties to the agreement

(1) The First Vendor;

The Second Vendor;

Qingdao Precede Technology; and

Liwei Petroleum Technology

The First Vendor and the Second Vendor are two individuals, who collectively control each of Qingdao Precede Technology and Liwei Petroleum Technology, which are principally engaged in the provision of oilfield services in the PRC. Prior to the date of the Share Transfer Agreement, the Group had no direct business relationships with the Vendors but had, in its ordinary and usual course of business, minor business transactions with Oldcos, which were providing oilfield services in the Shengli Oilfield (勝利油田), the Jidong Oilfield (冀東油田) and the Nanyang Oilfield (南陽油田) in China. The Company came into contact with the Vendors through its business association with Oldcos and there is no previous transaction between Oldcos, the Vendors and any members of the Group that need to be aggregated with the Acquisition in accordance with Rule 14.22 of the Listing Rules.

(2) Anton Oil, a wholly owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Vendors, Qingdao Precede Technology and Liwei Petroleum Technology is an independent third party not connected with the Company or any of its connected person.

The Acquisition

In accordance with the terms of the Share Transfer Agreement, the parties will undergo the Reorganization pursuant to which Newco will be established and each of Oldcos will inject their respective oilfield services businesses, which are primarily related to sand control and production enhancement services, including all related assets and personnel, to Newco whereupon the Vendors will transfer the Sale Shares, representing 70% of the registered capital of Newco, to Anton Oil. The oilfield services businesses represent the sole business of each of the Oldcos and the Reorganization was put in place to simplify the business structure of the oilfield services businesses under Oldcos by combining the two businesses of Qingdao Precede Technology and Liwei Petroleum Technology under a single entity of Newco. The Reorganization also serves to minimize the potential risks that may be associated with the Acquisition by segregating any debts and liabilities of Oldcos from the Group. Details of the Reorganization are as follows:

(a) Promptly after the execution of the Share Transfer Agreement, Oldcos will jointly establish Newco in Dongying City, Shandong Province of the PRC. The respective shareholding of Oldcos in the registered capital of Newco will be determined by the value of assets to be injected by each of Qingdao Precede Technology and Liwei Petroleum Technology into Newco. Oldcos will inject their

respective oilfield services assets as shown in their respective balance sheet on the valuation date, less the accounts receivable accrued before the valuation date, to Newco. The parties have further agreed that all debts and liabilities related to the oilfield services businesses prior to the transfer to Newco shall be borne by Oldcos. The total book value of the assets to be injected into Newco as determined by the unaudited accounts of Oldcos in accordance with the accounting standard of the PRC at the end of 2007 is approximately RMB32,817,000, which primarily include the land use rights, properties, equipment, inventories and cash on hand of Oldcos and will be subject to valuation by a qualified independent valuer in accordance with their market value as at 31 August 2008. The valuation to be conducted by the independent valuer will be based on comparing similar land and properties in the neighbouring areas for land and properties of Oldcos and replacement costs for equipment and other assets of Oldcos.

- (b) Promptly after the establishment of Newco, Oldcos will transfer their interests in Newco to the First Vendor and the Second Vendor. After completion of such transfers, Newco will be held as to 70% by the First Vendor and as to 30% by the Second Vendor.
- (c) Promptly after the completion of the changes to the registration particulars of Newco pursuant to the transfers described in paragraph (b) above, the First Vendor will transfer a 40% interest in the registered capital in Newco to Anton Oil, and the Second Vendor will transfer a 30% interest in the registered capital in Newco to Anton Oil. After completion of the transfers described in this paragraph, Newco will be held as to 30% by the First Vendor and as to 70% by Anton Oil. The Second Vendor will have no interest in Newco after completion of the transfers described in this paragraph.
- (d) At the same time of the transfer of the Sale Shares to Anton Oil, Anton Oil will also unilaterally inject RMB50 million cash into Newco and increase its registered capital. The fund required for the increase will be funded from the proceeds of the Global Offering. After completion of the transfer of the Sale Shares and the capital increase, the registered capital of Newco will be held as to 25% by the First Vendor and as to 75% by Anton Oil.

Consideration

The aggregate consideration for the acquisition of the Sale Shares is RMB160,000,000 and was determined after arm's length negotiation between the parties with reference to the unaudited after-tax profits of Oldcos in 2007, the book value of the oilfield services assets based on the unaudited accounts of Oldcos for the year ended 31 December 2007, and taking into consideration the market valuation of companies in similar industry in the PRC and the anticipated operational capacities of Newco and the compliment and growth and development potential that the added services of the oilfield services businesses of Oldcos could bring to the services of the Group.

The consideration for the Acquisition will be funded from the proceeds of the Global Offering and is consistent with the intended usage of such proceeds as disclosed in the prospectus of the Company dated 3 December 2007. The consideration is payable in the following manner:

- a 1st payment of RMB16,000,000 is payable within 10 Business Days of the signing of the Share Transfer Agreement;
- a 2nd payment of RMB112,000,000 is payable upon satisfaction of the 1st completion conditions set out below;
- a 3rd payment of RMB16,000,000 is payable one year from the establishment of Newco or at an earlier date upon satisfaction of the 2nd completion conditions set out below; and
- a final payment of RMB16,000,000 is payable upon satisfaction of the 3rd completion conditions set out below.

If Anton Oil fails to pay the consideration in accordance with the above schedule when they become due, Anton Oil shall pay a penalty equivalent to a daily interest of 0.03% on the overdue amount to the Vendors.

Conditions

Completion of the Acquisition is conditional upon the fulfillment of the 1st completion conditions set out below. The 2nd completion conditions are conditions to regulate the timing for the 3rd payment and the 3rd completion conditions are conditions to regulate payment of the final payment. Both the 2nd completion conditions and the 3rd completion conditions do not affect completion of the Acquisition.

1st Completion Conditions

- (1) The parties having:
 - (a) established Newco and the transfer by Oldcos of their interests in Newco to the Vendors have obtained the approval from each of their respective shareholders;
 - (b) obtained approval from Newco's shareholders on the transfer of the Sale Shares to Anton Oil;
 - (c) obtained the approval from the board of each of Anton Oil and the Company, and if necessary, the approval of the shareholders of the Company; and
 - (d) obtained all necessary government approvals and completed the necessary registration procedures in relation to the transactions contemplated under the Share Transfer Agreement.
- (2) The Company being satisfied with the results of the due diligence on the oilfield services assets of Oldcos to be injected into Newco;

- (3) There has been no breach of any of the representations or warranties by the Vendors.
- (4) Oldcos have already contributed their oilfield services assets to Newco;
- (5) Newco having entered into an agency agreement with each of Oldcos to transfer all existing contracts of Oldcos to Newco or subcontract such businesses to Newco at the same prices. Before Newco obtaining the relevant qualifications as an independent supplier of materials and providers of technical services to the Shengli Oilfield, the Jidong Oilfield and the Nanyang Oilfield, Oldcos will serve as an agent for Newco to sign contracts with these customers and subcontract such businesses at the same prices to Newco without any commission.
- (6) All employees of Oldcos related to oilfield services entering into employment contracts with term of three years or more with Newco and each of such employees has entered into a confidentiality agreement with Newco; and
- (7) The Vendors having entered into, among others, the transfer agreement to transfer the Sale Shares to Anton Oil, having revised the articles of association of Newco to reflect Anton Oil's interest in Newco, and having completed the necessary registration of the transfer of the Sale Shares to Anton Oil with the relevant PRC authorities.

2nd Completion Conditions

- (1) The conditions under the 1st completion conditions above have been fulfilled or waived; The Company has the sole discretion on whether to waive any of the 1st completion conditions and the Company currently has no intention to waive any of such conditions.
- (2) Newco has obtained (a) the relevant qualifications to act as an independent supplier of materials to the Shengli Oilfield, the Jidong Oilfield and the Nanyang Oilfield, and (b) the relevant qualifications to provide oilfield technical services independently to the Shengli Oilfield, the Jidong Oilfield and the Nanyang Oilfield;
- (3) There has been no breach of any of the representation or warranties by the Vendors; and
- (4) There has been no material breach by the Vendors of any of the provisions of the Share Transfer Agreement, the articles of association of Newco and related agreements in relation to the transaction contemplated under the Share Transfer Agreement.

3rd Completion Conditions

- (1) Completion of the assignment of the land use rights and property ownership certificates of the properties in relation to the oilfield services assets to Newco.

Completion

Conditional upon the satisfaction of the 1st completion conditions, the parties expect to complete the transfer of the Sale Shares to Anton Oil within 90 days from the execution of the Share Transfer Agreement, or upon agreement of the parties, to such later date as may be otherwise determined. If the transfer cannot be completed for reason of default by the Vendors, Anton Oil has the right to terminate the Share Transfer Agreement. In such an event, the Vendors shall refund all payments made by Anton Oil prior to the termination without interest and indemnify Anton Oil for all losses incurred.

Option

Pursuant to the terms of the Share Transfer Agreement, the First Vendor has also granted to Anton Oil an exclusive option, exercisable at the discretion of Anton Oil within 1 year from 1 January 2011, to purchase the entire remaining equity interest of the First Vendor in Newco. Anton Oil is not required to pay the First Vendor a premium for the grant of the option. Upon the exercise of the option, the purchase price for the remaining equity interest of the First Vendor in Newco shall be based on 8 times of the audited after-tax profit based on IFRS for the previous year immediately prior to the exercise of the option attributable to the option interest in Newco but not less than RMB70 million. The purchase price under the option was determined by the parties after arm's length negotiations with reference to the current market valuations of companies in similar industry in the PRC and the aggregate of the consideration of the Acquisition and the capital increase of Newco. The Company will make a separate announcement and comply with the relevant requirements of Chapter 14 of the Listing Rules upon the exercise or termination of the option. As at the date of this announcement, the Company has not form a view on whether or not to exercise the option.

Qingdao Precede Technology and Liwei Petroleum Technology

Qingdao Precede Technology and Liwei Petroleum Technology are oilfield services operators primarily providing sand control and production enhancement services to the Shengli Oilfield, the Jidong Oilfield and the Nanyang Oilfield. Based on the respective unaudited management account of Qingdao Precede Technology and Liwei Petroleum Technology, after certain adjustments according to IFRS, the combined profits before and after tax of the oilfield service businesses to be acquired from Qingdao Precede Technology and Liwei Petroleum Technology are as follows:

	For the year ended 31 December 2006 <i>(Unaudited)</i> <i>RMB'000</i>	For the year ended 31 December 2007 <i>(Unaudited)</i> <i>RMB'000</i>
Profits before tax	22,095	27,555
Profits after tax	14,804	18,462

The combined unaudited total asset and net asset of the oilfield service related businesses of Qingdao Precede Technology and Liwei Petroleum Technology as at 31 December 2007 were approximately RMB 80,501,000 and RMB 42,404,000, respectively.

After completion of the Acquisition, Newco will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

Reasons for the transaction

The Group is principally engaged in the provision of high-end oilfield services and products in the areas of well services, drilling services, production services and field services. The business to be acquired, primarily involving the provision of sand control and production enhancement technological services in the PRC, is in one of the core business areas of the Group. The Directors consider the acquisition can compliment and enhance the oilfield services being provided by the Group. Hence, the Directors consider the acquisition a good strategic fit and can help further enhance the Group's service capability and market position in the PRC.

The Directors (including the independent non-executive Directors) consider that the Share Transfer Agreement has been made 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 entering into of the Share Transfer Agreement is in the interest of the Company and the Shareholders as a whole.

GENERAL

The transactions contemplated under the Share Transfer Agreement constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing, amongst other things, further details relating to the Acquisition will be dispatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in its shares has been suspended with effect from 9:30 a.m. on 25 August 2008 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of the Company from 9:30 a.m. on 27 August 2008.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendors in accordance with the terms of the Share Transfer Agreement
“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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day on which banks are open for business in the PRC
“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
“First Vendor”	馮永勝先生 (Mr. Feng Yongsheng)
“Global Offering”	the global offering of the Company conducted in December 2007
“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
“Liwei Petroleum Technology”	勝利油田利威石油技術有限公司 (Shengli Oilfield Liwei Petroleum Technology Company Limited), a limited liability company incorporated in the PRC which is owned as to 89% by the Second Vendor and engages in the business of oilfield services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Newco”	a new limited liability company to be established and tentatively to be named 山東普瑞思德石油技術有限公司 (Shandong Precede Petroleum Technology Company Limited) pursuant to the Reorganization
“Oldcos”	Qingdao Precede Technology and Liwei Petroleum Technology
“PRC”	the People’s Republic of China
“Qingdao Precede Technology”	青島普瑞思德科技有限公司 (Qingdao Precede Technology Company Limited), a limited liability company incorporated in the PRC which is owned as to 90% by the First Vendor and as to 10% by the Second Vendor and engages in the business of oilfield services
“Reorganization”	the reorganization to be undertaken by the parties in accordance with the terms of the Share Transfer Agreement to reorganize the oilfield services assets and businesses of Liwei Petroleum Technology and Qingdao Precede Technology

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	a 70% in the registered capital of Newco to be transferred by the Vendors to Anton Oil in accordance with the terms of the Share Transfer Agreement
“Second Vendor”	李聰解女士 (Ms. Li Congjie), who is the wife of the First Vendor.
“Shareholder(s)”	holder(s) of Shares
“Share Transfer Agreement”	the agreement dated 22 August 2008, entered into between the Vendors and the Company in respect of the Acquisition
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1 = HK\$1.137.

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

Hong Kong, 26 August 2008

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