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ANTON 安東

安東油田服務集團
Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

DISCLOSEABLE TRANSACTION FRAMEWORK AGREEMENT IN RELATION TO THE DISPOSAL OF 80% INTEREST IN XINJIANG TONG'AO

The Board of Directors of the Company is pleased to announce that on 28 April 2016, Anton Oil, a wholly-owned subsidiary Company, entered into the Framework Agreement with the Purchaser pursuant to which the Anton Oil agreed to sell the Sale Shares, representing 80% of the registered capital of Xinjiang Tong'ao, to the Purchaser at RMB160,000,000. Upon completion of the Disposal, the Group will be interested in 20% of Xinjiang Tong'ao and Xinjiang Tong'ao will no longer be accounted as a subsidiary of the Company.

The Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules.

THE FRAMEWORK AGREEMENT

Date:

28 April 2016

Parties to the Framework Agreement:

- (1) Anton Oil, a wholly-owned subsidiary of the Company which is principally engaged in the provision of oilfield services and sale of equipment;
- (2) 寧波恒信潤成投資合夥企業(有限合夥) (Ningbo Hengxin Runcheng Investment LP), a limited partnership that is principally engaged in investment.

To the best knowledge of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company or its connected persons.

The Company and the Purchaser have not entered into any transactions in the past 12 months that would need to be aggregated with the Framework Agreement pursuant to Rule 14.22 of the Listing Rules.

The Disposal

Under the terms of the Framework Agreement, Anton Oil has agreed to sell to the Purchaser the Sale Shares, which represent 80% of the registered capital of Xinjiang Tong' Ao.

Xinjiang Tong' Ao is a company incorporated in the PRC and is wholly-owned by Anton Oil. Xinjiang Tong' Ao is principally engaged in the provision of oilfield testing services in [Xinjiang Province].

The net asset value of Xinjiang Tong' Ao was approximately RMB135,000,000 as at 31 December 2015. The financial results of Xinjiang Tong' Ao for the two years immediately preceding the date of the Framework Agreement are as follows:

	For the year ended 31 December	
	2014	2015
	(audited/ unaudited)	(audited/ unaudited)
	[RMB]'000	[RMB]'000
<i>Net profit/(loss) before tax</i>	84,260	36,195
Net profit/(loss) after tax	71,618	28,471

Subject to final audit, it is expected that the Group will realise a gain on disposal of approximately RMB52,000,000 which is calculated by reference to [the carrying value] of Xinjiang Tong' Ao as at 31 December 2015. The Directors currently intend to apply the proceeds from the Disposal for general working capital purposes of the Company.

After completion of the Transaction, the Group will be interested in 20% of the equity interest in Xinjiang Tong' Ao and Xinjiang Tong' Ao will no longer be accounted for as a subsidiary of the Company.

Consideration

The consideration for the Disposal is RMB160,000,000, which was determined after arm's length negotiations between the parties with reference to [net asset value of Xinjiang Tong'Ao].

The parties shall execute a formal agreement with respect to the Disposal before 31 May 2016, and the consideration will be payable in accordance with the following schedule:

- (i) RMB20,000,000 will be payable by the Purchaser as deposit within 15 days of the signing of the Framework Agreement;
- (ii) RMB80,000,000 will be payable by the Purchaser within 30 days from the execution of the formal agreement;
- (iii) the balance RMB60,000,000 will be payable by the Purchaser within 90% days after the Sale Shares have been transferred to the Purchaser and the registration of the transfer with the administrative department for industry and commerce.

Conditions

The Disposal is conditional upon the satisfaction of the following conditions:

- (a) completion of due diligence on Xinjiang Tong'Ao;
- (b) the audited net profit of Xinjiang Tong'Ao for the year ended 31 December 2015 being not less than RMB28,000,000; and
- (c) the audited net asset value of Xinjiang Tong'Ao as at 31 December 2015 being not less than RMB130,000,000.

The parties will use their respective best endeavours to complete the above conditions and the parties may consult with each other on adjusting the agreed deadline under the Framework Agreement where necessary.

Profit Guarantee

The Company will guarantee that the net profits of Xinjiang Tong' Ao will not be less than:

Year	Profit
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2017	: RMB30,800,000
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2018	: RMB35,420,000
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2019	: RMB40,730,000
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The Company will compensate the Purchaser for any shortfall in profits in proportion to the Purchaser's interest in Xinjing Tong' Ao.

Option

Pursuant to the Framework Agreement, Anton Oil has granted an option to the Purchaser to purchase the remaining 20% equity interest in Xinjiang Tong' Ao under the same terms and conditions as the Framework Agreement. The option is exercisable by the Purchaser at any time within 12 months of the Framework Agreement. The option has no premium and based on the terms and conditions of the Framework Agreement, the transfer price for the remaining 20% interest in Xinjiang Tong' Ao would be RMB40,000,000. The Company will make further announcement when the option is exercised by the Purchaser.

Corporate governance

Upon completion of the Disposal and during the guaranteed period, Xinjinag Tong' Ao will set up a five-member board, which the Purchaser will have the right to appoint three directors, the Group will have the right to appoint one director and the management of Xinjiang Tong' Ao will appoint one director.

The Group has undertaken to procure the existing management team of Xinjiang Tong' Ao to remain in services with Xinjiang Tong' Ao for a period of not less than five years and that they will not engage in any business that would compete with Xinjiang Tong' Ao for a period of two years after leaving the employment of Xinjiang Tong' Ao.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the provision of oilfield services. The Purchaser is principally engaged in investment.

Xinjiang Tong’Ao is engaged in oilfield testing services, which we don’t consider to be our core business. We plan to restructure our business to focus on our core business of oil and gas field development services through such disposal and believe such disposal will help us generate additional income to further develop our core business and enhance our overall financial condition.

The Directors (including the independent non-executive Directors) consider that the Framework Agreement was concluded after arm’s length negotiations under normal commercial terms, the terms of which are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules. No Director is interested in the transactions contemplated under the Framework Agreement, accordingly, no Director is required to abstain from voting for the Board resolution to approve the Framework Agreement.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Anton Oil”	安東石油技術(集團)有限公司 Anton Oilfield Services (Group) Co., Ltd., a company incorporated in the PRC, a wholly owned subsidiary of the Company;
“Board”	the board of directors of the Company;
“Company”	Anton Oilfield Services Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the sale of the 80% interest in Xinjiang Tong’Ao pursuant to the terms of the Framework Agreement;

“Framework Agreement”	the framework agreement dated 28 April 2016 between Anton Oil and the Purchaser in relation to the sale of 80% equity interest in Xinjiang Tong’Ao to the Purchaser;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	寧波恒信潤成投資合夥企業(有限合夥)(Ningbo Hengxin Runcheng Investment LP), a PRC limited partnership;
“Sale Shares”	80% of the equity capital of Xinjiang Tong’Ao;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xinjiang Tong’Ao”	新疆通奧油田技術服務有限公司 (Xinjiang Tong’Ao Oilfield Services Co., Ltd.), a company established in the PRC, a wholly-owned subsidiary of the Company as at the date of this announcement; and
“%”	per cent.

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

28 April 2016

As at the date of this announcement, the executive Directors of the Company are Mr. LUO Lin, Mr. WU Di and Mr. PI Zhifeng, and the independent non-executive Directors of the Company are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping and Mr. WANG Mingcai.