ANTON 安東

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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 2016

FINANCIAL HIGHLIGHTS

Revenue of the Group decreased by approximately 11.7% from RMB1,833.0 million in 2015 to RMB1,617.7 million in 2016. Loss attributable to equity holders of the Company decreased by approximately 17.6% from RMB194.7 million in 2015 to RMB160.5 million in 2016.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2016.

RESULTS

The board of directors (the "Board") of Anton Oilfield Services Group (the "Company") wishes to inform the shareholders and potential investors of the Company of the audited consolidated results of the Company and its subsidiaries (collectively, referred to as the "Group") for the year ended 31 December 2016 (hereafter, referred to as the "Year" or "the reporting period") with comparative figures for the corresponding period in 2015, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		Year ended 31 December	
		RMB'000	*RMB'000*
Revenue	4	**1,617,675**	1,833,006
Cost of sales	5	**(1,073,784)**	(1,250,315)
Gross profit		**543,891**	582,691
Other gains		**68,967**	20,689
Selling expenses	5	**(110,838)**	(137,463)
Administrative expenses	5	**(337,816)**	(338,951)
Research and development expenses	5	**(16,455)**	(18,916)
Sales tax and surcharges	5	**(4,553)**	(15,576)
Operating profit		**143,196**	92,474
Interest income	6	**2,508**	4,409
Finance expenses	6	**(175,887)**	(259,179)
Finance costs, net	6	**(173,379)**	(254,770)
Share of loss of investments accounted for using the equity method		**(408)**	(1,042)
Loss before income tax		**(30,591)**	(163,338)
Income tax expense	7	**(67,081)**	(31,910)
Loss for the year		**(97,672)**	(195,248)
Loss attributable to:			
Equity holders of the Company		**(160,450)**	(194,731)
Non-controlling interests		**62,778**	(517)
		(97,672)	(195,248)
Loss per share for loss attributable to the equity holders of the Company for the year (expressed in RMB per share)			
- Basic	8	**(0.0720)**	(0.0878)
- Diluted	8	**(0.0720)**	(0.0878)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Loss for the year	**(97,672)**	(195,248)
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss		
Net investment hedge	**(87,827)**	(54,110)
Currency translation differences	**48,590**	65,035
Other comprehensive income for the year, net of tax	**(39,237)**	10,925
Total comprehensive income for the year	**(136,909)**	(184,323)
Total comprehensive income attributable to:		
- Equity holders of the Company	**(211,530)**	(183,806)
- Non-controlling interests	**74,621**	(517)
	(136,909)	(184,323)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	As at 31 December 2016 RMB'000	As at 31 December 2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,272,223**	2,355,538
Land use rights		**47,994**	59,893
Intangible assets		**415,155**	379,538
Investments accounted for using the equity method		**3,592**	4,000
Prepayments and other receivables		**103,929**	132,693
Other non-current assets		**62,000**	67,255
Deferred income tax assets		**52,334**	64,659
		2,957,227	3,063,576
Current assets			
Inventories		**781,165**	834,223
Trade and notes receivables	9	**1,297,995**	1,284,354
Prepayments and other receivables		**725,295**	373,603
Restricted bank deposits		**381,325**	158,246
Term deposits with initial terms of over three months		**11,011**	11,000
Cash and cash equivalents		**507,263**	458,158
		3,704,054	3,119,584
Total assets		**6,661,281**	6,183,160

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2016

	Note	**As at 31 December** **2016** *RMB'000*	**2015** *RMB'000*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**226,578**	207,629
Reserves			
- Others		**1,318,307**	1,686,397
		1,544,885	1,894,026
Non-controlling interests		**432,012**	65,586
Total equity		**1,976,897**	1,959,612
LIABILITIES			
Non-current liabilities			
Long-term bonds		**1,694,940**	1,584,635
Long-term borrowings		**89,506**	—
Accruals and other payables		**715,453**	—
Deferred income tax liabilities		**4,318**	4,375
		2,504,217	1,589,010
Current liabilities			
Short-term borrowings		**739,642**	675,000
Current portion of long-term bonds		**—**	199,514
Current portion of long-term borrowings		**61,723**	—
Trade and notes payables	10	**705,089**	580,348
Accruals and other payables		**629,747**	1,154,958
Current income tax liabilities		**43,966**	24,718
		2,180,167	2,634,538
Total liabilities		**4,684,384**	4,223,548
Total equity and liabilities		**6,661,281**	6,183,160

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Cash flows from operating activities		
Net cash inflows from operations	**148,674**	407,797
Interest paid	**(181,660)**	(194,812)
Interest received	**2,508**	4,409
Income tax paid	**(35,565)**	(59,992)
Net cash (used in)/generated from operating activities	**(66,043)**	157,402
Cash flows from investing activities		
Purchase of property, plant and equipment	**(473,354)**	(174,448)
Proceeds from disposal of property, plant and equipment	**16,549**	79,498
Purchase of land use rights	**—**	(180)
Purchase of intangible assets	**(38,267)**	(35,208)
Disposal of subsidiaries	**77,000**	—
Investment in an associate	**(4,000)**	—
Increase in term deposits	**(11)**	(2,990)
Net cash used in investing activities	**(422,083)**	(133,328)
Cash flows from financing activities		
Proceeds from short-term borrowings	**1,027,292**	841,236
Repayments of short-term borrowings	**(962,650)**	(860,148)
Proceeds from long-term borrowings	**180,093**	—
Repayments of long-term borrowings	**(28,864)**	—
Repayments of long-term bonds	**(200,000)**	(300,000)
Repurchase of long-term bonds	**(6,776)**	(8,521)
Capital injection from non-controlling interests	**357,000**	—
Cash paid to non-controlling interests for additional interest in a subsidiary	**(21,825)**	—
Proceeds from share options exercised	**—**	9,370
Dividends distribution	**(17,367)**	(11,395)
Repurchase of own shares	**(2,538)**	—
Issue of share capital	**195,200**	—
Net cash generated from/(used in) financing activities	**519,565**	(329,458)
Net increase/(decrease) in cash and cash equivalents	**31,439**	(305,384)
Cash and cash equivalents, at beginning of the year	**458,158**	759,751
Exchange gain on cash and cash equivalents	**17,666**	3,791
Cash and cash equivalents at end of the year	**507,263**	458,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are mainly engaged in providing oilfield technology services, manufacturing and trading of related products in the People's Republic of China (the "PRC") and other oversea countries. 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, which is controlled by Mr. Luo Lin, the Company's controlling shareholder.

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.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention.

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

Changes in accounting policy and disclosures

(a) ***New and amended standards adopted by the Group***

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- Clarification of acceptable methods of depreciation and amortisation — Amendments to IAS 16 and IAS 38

- Annual improvements to IFRSs 2012 — 2014 cycle, and
- Disclosure initiative — amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) ***New standards and interpretations not yet adopted***

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases", and related interpretations. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SEGMENT INFORMATION

The chief executive officer, executive vice presidents and directors are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the chief operating decision makers for the purposes of allocating resources and assessing performance.

The Group's reportable segments are entity or group of entities that offer different products and services, which is the basis by which the chief operating decision makers make decisions about resources to be allocated to the segments and assesses their performance. Financial information of these entities has been separated to present discrete segment information to be reviewed by the chief operating decision makers.

The chief operating decision makers access performance of three reportable segments: drilling technology, well completion and oil production services.

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 chief operating decision makers evaluate the performance of the operating segments based on profit or loss before income tax expense, depreciation and amortisation, interest income, finance expenses, share of loss of joint ventures, share-based payments and asset impairment provisions ("EBITDA"). The corporate overheads and corporate assets are the general management expenses and assets incurred and held by the headquarters of the Group.

	Drilling technology	Well completion	Oil production services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2016				
Revenue (Note)	**437,451**	**751,129**	**429,095**	**1,617,675**
EBITDA	**141,747**	**303,467**	**198,044**	**643,258**
Depreciation and amortisation	**(55,962)**	**(116,256)**	**(15,191)**	**(187,409)**
Asset impairment provision of				
- Inventories	**(72,089)**	**(3,562)**	**(21,830)**	**(97,481)**
- Trade and other receivables	**(8,809)**	**(4,142)**	**(113)**	**(13,064)**
Interest income	**2**	**288**	**—**	**290**
Finance expenses, net	**(1,508)**	**(10,162)**	**(2,696)**	**(14,366)**
Income tax expense	**(3,696)**	**(23,111)**	**(40,274)**	**(67,081)**
For the year ended 31 December 2015				
Revenue (Note)	651,965	778,425	402,616	1,833,006
EBITDA	184,417	314,184	156,790	655,391
Depreciation and amortisation	(61,515)	(102,617)	(23,853)	(187,985)
Asset impairment provision of				
- Goodwill	—	—	(26,325)	(26,325)
- Inventories	—	(11,607)	—	(11,607)
- Trade and other receivables	(1,630)	(619)	(7,472)	(9,721)
Interest income	1	782	—	783
Finance expenses, net	(4,929)	50	—	(4,879)
Share of loss of joint ventures	(1,042)	—	—	(1,042)
Income tax expense	(6,017)	(13,987)	(11,906)	(31,910)

Note: *Sales between segments are carried out at terms mutually agreed between relevant Group entities. The revenue from external parties reported to the chief operating decision makers is measured in a manner consistent with that in the income statement.*

	Drilling technology	Well completion	Oil production services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016				
Total assets	**1,904,963**	**2,713,884**	**540,618**	**5,159,465**
Total assets include:				
Capital expenditures	**110,804**	**76,147**	**17,312**	**204,263**
As at 31 December 2015				
Total assets	1,567,491	2,841,241	211,503	4,620,235
Total assets include:				
Investments in joint ventures	4,000	—	—	4,000
Capital expenditures	96,586	207,303	7,645	311,534

Disclosure of liabilities has not been included here because these liabilities balances are not allocated to segments.

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

	Year ended 31 December	
	2016	*2015*
	RMB'000	*RMB'000*
EBITDA for reportable segments	**643,258**	655,391
Corporate overheads	**(361,819)**	(577,953)
Depreciation	**(177,196)**	(168,983)
Amortisation	**(10,213)**	(19,002)
Asset impairment provision	**(110,545)**	(47,653)
Interest income	**290**	783
Finance expenses, net	**(14,366)**	(4,879)
Share of loss of joint ventures	**—**	(1,042)
Loss before income tax	**(30,591)**	(163,338)

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

	As at 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Assets for reportable segments	**5,159,465**	4,620,235
Corporate assets for general management	**1,501,816**	1,562,925
Total assets	**6,661,281**	6,183,160

The Group allocates revenue on the basis of the location in which the sale is originated.

Geographical Information

	Revenue		Non-current Assets	
	Year ended 31 December		Year ended 31 December	
	2016	**2015**	**2016**	**2015**
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**751,532**	1,072,081	**2,292,719**	2,568,906
Iraq	**628,230**	552,086	**495,129**	410,435
Other countries	**237,913**	208,839	**169,379**	84,235
Total	**1,617,675**	1,833,006	**2,957,227**	3,063,576

Client information

During the year, revenues of approximately RMB413,368,000 (2015: RMB531,561,000) were derived from two external customers, which contributed 17.01% and 8.54% (2015: 15.87% and 13.13%) to the total revenue respectively. These revenues were mainly attributable to drilling technology and oil production services segments.

4. REVENUE

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Sales of goods	**250,470**	254,970
Provision of services	**1,367,205**	1,578,036
	1,617,675	1,833,006

5. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Materials and services purchased	**700,999**	848,575
Staff costs	**371,726**	470,483
In which:		
- Salaries and other staff expenses	**356,295**	455,912
- Share-based compensation	**15,431**	14,571
Depreciation	**183,402**	180,519
Amortisation	**11,735**	20,212
Sales tax and surcharges	**4,553**	15,576
Auditor's remuneration		
-Audit and related services	**6,030**	5,330
-Service in connection with a transaction	**950**	—
Other operating expenses	**264,051**	220,526
In which:		
- addition in impairment of receivables	**13,064**	9,721
- addition in impairment of inventories	**97,481**	11,607
- addition in impairment of goodwill	**—**	26,325
Total operating cost	**1,543,446**	1,761,221

6. FINANCE COSTS, NET

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Interest expenses		
- on bank borrowings	**(48,776)**	(44,308)
- on bonds	**(140,697)**	(145,858)
- on put option of non-controlling interest	**(15,454)**	—
Exchange gain/(loss), net	**34,939**	(56,201)
Others	**(5,899)**	(12,812)
Finance costs	**(175,887)**	(259,179)
Total finance costs	**(175,887)**	(259,179)
Interest income	**2,508**	4,409
	(173,379)	(254,770)

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Current income tax		
- PRC enterprise income tax	**2,734**	9,588
- Iraq corporate income tax	**51,869**	28,897
- Others	**210**	336
Deferred income tax	**12,268**	(6,911)
	67,081	31,910

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 estimated taxable profits of PRC established subsidiaries at applicable tax rate of 25% in 2016 (2015: 25%), based on the relevant PRC tax laws and regulations, except for certain subsidiaries which are taxed at preferential tax rates of 15% and 12.5%. These subsidiaries have been granted a preferential rate of 15% as high technology enterprises or as enterprises set up in western area of the PRC. Certain entities qualifies for a tax holiday of 2-year exemption and 3-year 50% reduction, pursuant to Caishui 2008 No.1.

The corporate income tax of Iraq entities is levied at the higher of 7% on the total turnover, or 35% on the net taxable profit.

The taxation of the Group's loss before income tax differs from the theoretical amount that would arise using applicable tax rates of the Group companies as follows:

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Loss before income tax	**(30,591)**	(163,338)
Tax calculated at applicable tax rates	**21,577**	(2,462)
Income not subject to taxation	**(2,000)**	(9,446)
Expenses not deductible for taxation purposes	**1,828**	8,012
Additional deduction of research and development expense	**(799)**	(834)
Taxable losses for which no deferred income tax asset was recognized	**34,000**	35,894
Withholding tax from overseas income	**—**	464
Reverse the deferred tax assets from prior years	**12,325**	—
Others	**150**	282
	67,081	31,910

8. LOSS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2016	**2015**
Loss attributable to equity holders of the Company (RMB'000)	**(160,450)**	(194,731)
Weighted average number of ordinary shares in issue (thousands of shares)	**2,227,365**	2,219,077
Basic loss per share (expressed in RMB per share)	**(0.0720)**	(0.0878)

(b) Diluted

For the year ended 31 December 2016 and 2015, the Group made a loss therefore the effect of share options was anti-dilutive and is ignored from the calculation of diluted loss per share. The diluted loss per share is calculated in the same way of basic loss per share.

9. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Trade receivables, net (a)		
- from related parties	**6,252**	8,463
- others	**1,234,665**	1,190,260
	1,240,917	1,198,723
Notes receivable (d)	**57,078**	85,631
	1,297,995	1,284,354

(a) Ageing analysis of gross trade receivable is as follows:

	As at 31 December 2016		
	Gross amount	**Impairment**	**Net value**
	RMB'000	***RMB'000***	***RMB'000***
1 - 6 months	**824,673**	**—**	**824,673**
6 months - 1 year	**223,805**	**—**	**223,805**
1 - 2 years	**162,754**	**(2,494)**	**160,260**
2 - 3 years	**38,500**	**(10,958)**	**27,542**
Over 3 years	**32,011**	**(27,374)**	**4,637**
	1,281,743	**(40,826)**	**1,240,917**

	As at 31 December 2015		
	Gross amount	Impairment	Net value
	RMB'000	*RMB'000*	*RMB'000*
1 - 6 months	742,882	—	742,882
6 months - 1 year	344,038	—	344,038
1 - 2 years	104,856	(5,704)	99,152
2 - 3 years	15,367	(3,241)	12,126
Over 3 years	23,292	(22,767)	525
	1,230,435	(31,712)	1,198,723

(i) As at 31 December 2016, trade receivables of RMB1,048,478,000 (31 December 2015: RMB1,086,920,000) aged within one year, which were neither past due nor impaired according to the Group's credit policy.

(ii) The Group's past-due trade receivables were those receivables aged over one year. As at 31 December 2016, trade receivables with net value of RMB192,439,000 (31 December 2015: RMB111,803,000) were past due but not impaired. For the past-due trade receivables without impairment, management considered such long ageing items were receivable from customers with good cooperation and no default history, therefore the risk of impairment was low.

(b) Most of the trade receivables are with credit terms of one year, except for retention money which would be collected one year after the completion of the services. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables.

As at 31 December 2016, trade receivables of RMB221,824,000 (31 December 2015: Nil) were pledged as security for short-term borrowings of RMB199,642,000 (31 December 2015: Nil).

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

	2016	2015
	RMB'000	*RMB'000*
As at 1 January	**(31,712)**	(21,991)
Additions	**(10,591)**	(11,432)
Reversal	**—**	1,711
Dispose of subsidiary	**11**	—
Write-off	**1,466**	—
As at 31 December	**(40,826)**	(31,712)

(d) Notes receivables are all bank acceptance bills with maturity dates within six months. As at 31 December 2016, no notes receivables was pledged as security for short-term borrowings (As at 31 December 2015, note receivables with amount RMB10,000,000 were pledged as security for short-term borrowings amounted to RMB10,000,000).

(e) Trade and notes receivables were denominated in the following currencies:

	As at 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
RMB	**724,205**	925,071
US$	**569,320**	359,283
Others	**4,470**	—
	1,297,995	1,284,354

10. TRADE AND NOTES PAYABLES

	As at 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Trade payables		
-related parties	**95,757**	52,283
-others	**306,873**	390,779
Notes payables	**302,459**	137,286
	705,089	580,348

Ageing analysis of trade and notes payables is as follows:

	As at 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Less than 1 year	**620,858**	458,070
1 - 2 years	**59,225**	102,960
2 - 3 years	**19,491**	13,386
Over 3 years	**5,515**	5,932
	705,089	580,348

Trade and notes payable were denominated in the following currencies:

	As at 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
RMB	**622,484**	544,399
US$	**82,321**	35,949
Others	**284**	—
	705,089	580,348

11. DIVIDENDS

No dividend has been declared in respect of the financial year ended 31 December 2016 (2015: Nil).

12. EVENTS AFTER THE REPORTING PERIOD

On 15 December 2016, the Company entered into a subscription agreement with an independent third party pursuant to which the independent third party agreed to subscribe 221,619,604 new shares of the Company at HK$1.0080 per share. The subscription shares represent approximately 9.09% of the existing issued share capital of the Company and approximately 8.33% of the Company's issued share capital as enlarged by the subscription. The subscription was completed on 25 January 2017.

In February 2017, the Group entered into an agreement with Mr. Liu Dong and Sichuan Anzheng Education Consulting Services Co., Ltd., both independent third parties, whereby the Group has agreed to transfer its entire equity interest in Anton New Material (Suining) Co., Ltd., a wholly-owned subsidiary of the Group, together with cash of RMB 37,360,000 and waiver of long-term lease prepayment of RMB 46,000,000, in exchange for 80% equity interest in Suining Anzheng Investment Co., Ltd. (the "Transaction"), an entity wholly owned by Sichuan Anzheng Education Consulting Services Co., Ltd. before the Transaction. As of the date of approving these financial statements, the Transaction has not been completed.

BUSINESS REVIEW

2016 was a year when the global oil and gas market remained sluggish overall, and business operations were extremely challenging. International oil prices have not stabilized after falling for a year and a half, and had once hit the lowest point in twelve years. Global oil companies reduced oil and gas exploration activities significantly to cut costs vigorously, while oil companies generally had a low rate of operation and excessive capacity.

Domestically, the market was challenging. Oil companies further cut their capital expenditure on the upstream exploration and development operations so that the overall workload of oilfield services was reduced significantly, and service prices fell substantially. On the market side, the market became more protective of conventional services, with intensified competition. Since the Group strived to enhance the utilization of its existing equipment and the projects of a strategic significance, placing emphasis on the unconventional market in which the Group had competitive advantages, it managed to win a number of tenders for tight oil and gas, coal-bed methane and shale gas projects and orders during the year. As to operation, due to the falling oil prices, commencement of some projects continued to be postponed and the rate of operation for orders and the overall capacity utilization remained low. From the third quarter of 2016, the rate of operation for projects gradually picked up as a result of the recovery of the regional market. Hit by falling service prices and low rate of operation for projects, the Group's domestic revenue fell further as compared to the year 2015.

In terms of overseas market, oil companies continued to shrink capital expenditure and exercise stringent control over costs as well after being affected by falling oil prices for a long period of time. With many years of cultivating in the overseas market, the Group continued to proactively expand its systematic competitive advantage of serving quality Chinese companies under the current low-oil price market environment, striving for a market share, as witnessed by its success in winning a number of tenders for projects during the year, for which the services were previously provided by international service companies. Moreover, the Group performed well in emerging markets as it staggered positioning with international oil service companies, and followed Chinese investors to provide services for their exploration of overseas oilfields. As at 31 December 2016, the Group's orders in hand for overseas business amounted to RMB2,528.9 million, accounting for approximately 80.1% of the Group's total orders in hand. In terms of operations, the rate of operation was lower than expected in the first half of the year due to falling international oil prices and oil companies' postponement of the construction of projects impact. Nevertheless, the overseas income for the year still recorded a contrarian growth by approximately 13.8%. The rapid expansion of overseas business created broader growth space for the long-term development of the Group's business, helped the Group enhance the overall business profit level and improve the cash flow.

Under the challenging market environment, the Group continued to implement measures to reduce costs and increase efficiency. During the reporting period, the Group's staff costs, raw material costs and financial expenses all declined significantly as compared with 2015, coupled with the Group's industrial structure adjustment and changes in the composition of income from the market, the Group's profitability was raised considerably under the low oil price environment.

Moreover, the Group proactively advanced strategic cooperation in various areas in order to cope with the challenging market environment, plan and support the long-term development of the Group's business. At the capital cooperation, the Group brought in China Oil HBP Science & Technology Co., Ltd. (華油惠博普科技股份有限公司) ("HBP"), a company which has strong complementarity with the Group in business, as a strategic partner through the disposal of a 40% equity interest in the Iraqi business. Both parties strived to jointly explore and expand the size of overseas markets further by fully unleashing synergies. Furthermore, the Group brought in independent oil company, Geo-Jade Petroleum Corporation ("Geo-Jade Petroleum"), as a strategic investor, through the issuance of additional new shares. The three parties, including HBP, entered into a strategic cooperation agreement for the formation of a strategic alliance among oil companies and oilfield service companies. At the technical level, the Group established strategic cooperation with Flotek

Chemical, LLC ("Flotek"), a North American oilfield technology service company with patented nano stimulation technology, in which the two parties would jointly promote the development and application of advanced stimulation technology in the Chinese market to raise the efficiency of oil and gas exploration for customers.

Regarding capital management, the Group continued to carry out the supervision and control of funds with a focus on the budget. However, the Group had a generally tight overall cash flow because of the long payment days for the domestic accounts receivable and the working capital needs of the high-speed growth of overseas businesses. The Group has strived to broaden its financing channels to improve its cash flow by strengthening its cooperation with several commercial banks, stripping assets from its non-core business, transferring equity in its overseas subsidiaries and issuing additional shares.

Results and Performance

In 2016, the Group's total revenue amounted to RMB1,617.7 million, a decline of RMB215.3 million or approximately 11.7% as compared with the same period of 2015, which was primarily attributable to the further shrinking of the domestic market and delay in project execution. The Group's operating profit was RMB143.2 million, an increase of RMB50.7 million, or approximately 54.8%, from RMB92.5 million of 2015. A net loss of RMB97.7 million was recorded for the year ended 31 December 2016, representing a decrease of RMB97.5 million, or approximately 49.9%, from RMB195.2 million of 2015. Loss attributable to equity holders of the Company was RMB160.5 million, a decrease of RMB34.2 million, or approximately 17.6%, from RMB194.7 million as compared with the same period of 2015. The margin of net profit attributable to equity holders of the Company was -9.9%, an increase of 0.7 percentage points from -10.6% of 2015.

As at 31 December 2016, approximately RMB1,683.5 million of accounts receivable were recovered by the Group. The average accounts receivable turnover days were 263 days, an increase of 15 days as compared with last year. The average inventory turnover days were 271 days, an increase of 49 days as compared with last year. Average accounts payable turnover days was 142 days, a decrease of 13 days as compared with last year. Cash flow from operating activities was RMB-66.0 million, a decrease of RMB223.4 million from RMB157.4 million of last year.

Geographical Market Analysis

In 2016, the domestic market has recorded revenue of RMB751.5 million, a decrease of RMB320.6 million (or approximately 29.9%) from 2015 (RMB1,072.1 million). Domestic revenue amounted to approximately 46.5% of the Group's total revenue. Overseas revenue was RMB866.2 million, an increase of RMB105.3 million (or approximately 13.8%) from 2015 (RMB760.9 million). Overseas revenue has for the first time exceeded domestic revenue, taking up approximately 53.5% of total revenue.

Breakdown of Revenue by Market

	Year ended 31 December			**Share of Total Group Revenue Year ended 31 December**	
	2016	2015	**Change**		
	(RMB million)	*(RMB million)*	*(%)*	**2016**	2015
Domestic	**751.5**	1,072.1	**-29.9%**	**46.5%**	58.5%
Overseas	**866.2**	760.9	**13.8%**	**53.5%**	41.5%
Total	**1,617.7**	1,833.0	**-11.7%**	**100%**	100.0%

Domestic Market

In 2016, affected by the continuing low oil price and sluggish market, domestic oil companies continue to reduce capital expenditure. On conventional projects, protectionism furthered and competition increased; on unconventional projects, market size decreased dramatically. The Group focused on increasing efficiency of existing equipment and completing for strategic projects. Leveraging on its competitive advantage in the unconventional market, the Group won multiple tenders of tight oil, CBM and shale gas projects. On project execution, certain projects experienced delay in commencing work, owing to the low oil price, and resulted in low commencing ratio of projects overall, and a large reduce in revenue.

Revenue Analysis of Domestic Market

	Year ended 31 December			Share of Domestic Revenue Year ended 31 December	
	2016	2015	**Change**		
	(RMB million)	*(RMB million)*	*(%)*	**2016**	2015
Northwest China	**317.9**	514.7	**-38.2%**	**42.3%**	48.0%
North China	**196.7**	318.1	**-38.2%**	**26.2%**	29.7%
Southwest China	**137.9**	204.2	**-32.5%**	**18.3%**	19.0%
Northeast China and other Chinese regions	**99.0**	35.1	**182.1%**	**13.2%**	3.3%
Total	**751.5**	1,072.1	**-29.9%**	**100.0%**	100.0%

Major developments in the domestic market:

- In Northwest China, large decrease was experienced as compared with last year due to decreasing investment from clients and shrinking market. The Group emphasized on conventional businesses in this area, including drilling fluid, drilling and completion integration, workover and inspection, and at the same time promoted vigorously new technologies to actively search for new opportunities, including optical fiber testing, new oil-based mud, nano stimulation, etc.

- In North China, workload has decreased significantly. Large amount of heavy equipment accumulated in this area. Due to lower investment and shrinked market, the overall utilization rate was low, and margin level was poor. In the second half of 2016, this market realized recovery growth. The Group actively looked for new orders, and at the same time worked with international oil companies in this area and won drilling integration projects, which drove the project implementation of a series of product lines, project execution including drilling service, directional drilling, and completion. Since October 2016, all four drilling rigs in this region have commenced working.

- In Southwest China, the Group recorded lower revenue in 2016 as compared with 2015, due to the shrinking market of unconventional projects. In this region, the Group has focused on shale gas projects, winning several tenders including coiled tubing and rotary geological steering. The Group had breakthrough in

Guizhou CBM market, winning an integration project order. This project has kicked off since October 2016, as at the date of this announcement, the project is operating smoothly with hope of winning additional orders.

- In Eastern China, the Group rigorously explored new markets for new clients, winning tenders and commencing operation both in the Shanxi CBM market and from CNOOC. Revenue in this market has grew substantially as compared with 2015.

Overseas Markets

In the first half of 2016, oil price has once dropped to the lowest point in 12 years, dragging down the overseas market as a whole. Even so, the Group fully played its competitive edge as a high-quality Chinese company in the low-oil-price environment, and continuously achieved new progress and breakthroughs in the overseas market. The Group had still won multiple service orders which were provided by international oil companies before, and it continued to strengthen its cooperation with independent Chinese investors in the emerging markets under the "Belt and Road" initiatives. Regarding project execution, in the first half of 2016, the ultra-low oil price resulted in low rate of operation overseas and a less-than-expected business growth. In the second half, overseas orders on hand started to commence operation from the third quarter against the backdrop of rising oil price, and the Group has again recorded a slight increase in its all-year overseas revenue. To meet the rising requirement for working capital in overseas market as a result of fast growth, and to support the long-term growth of the Group's overseas growth, the Group has introduced a strategic partner after transferring 40% of equity interest of its Iraq business.

Revenue Analysis of Overseas Market

	Year ended 31 December			**Share of Overseas Revenue Year ended 31 December**	
	2016	2015	**Change**		
	(RMB million)	*(RMB million)*	*(%)*	**2016**	2015
Middle East	**643.7**	556.6	**15.6%**	**74.3%**	73.2%
Americas	**8.2**	67.2	**-87.8%**	**0.9%**	8.8%
Central Asia & Africa	**214.3**	137.1	**56.3%**	**24.8%**	18.0%
Total	**866.2**	760.9	**13.8%**	**100%**	100%

Major developments in the overseas markets:

- In the Middle East, the Iraqi market is still the centerpiece of the overseas market. The Group has relied on its cultivation in this market and competitive edge as a Chinese service company for years to continue to look for new clients and markets, as well as strengthening the cooperation with international oil companies. In 2016, the Group has expanded its business in West Qurna II, winning a tender of USD78 million for comprehensive maintenance. This project has commenced operation in the third quarter of 2016 and has been running smoothly, with hope of additional orders from the client. Besides, the Group, working with international oil companies, has entered into the Badrah oilfield and Gharraf oilfield for the first time. By cooperating with Chinese oil companies, the Group further promoted its stronghold in conventional projects, including production operation service, coiled tubing, directional drilling and completion services. Also, the Group has won fracturing projects in Halfaya oilfield, and completed the first fracturing well in Iraq in the end of 2016. As at the date of this announcement, the stimulation performs well with a stabilized growth by 6-times in daily production comparing with that of pre-facturing, and the market is expected to further expand in 2017. Regarding project execution, overall commencement rate was lackluster in the first half of 2016, with lower-than-expected full-year growth recorded. Due to the increasing demand for overseas working capital resulting from the fast-developing overseas business, the Group transferred 40% of equity interest of the Iraqi business in the first half of 2016, introducing China Oil HBP Science & Technology Co., Ltd. ("華油惠博普科技股份有限公司") with strong EPC service capabilities in Iraq as a strategic partner. By sharing customer resources, markets and service capacity, synergy was profound. Apart from the Iraqi market, the Group has achieved breakthrough in the GCC market, winning tenders for screens sales in Oman and UAE, as well as passing prequalification of Kuwait and Saudi Arabia which grants qualification for participating in tenders. It prepares the Group for further business development in this area in the future.

- In Central Asia and Africa, the Group seized the market opportunities under the Belt and Road Initiative, and further expanded market share by supporting Chinese investors developing overseas oilfields. The Group has recorded more orders and also significant growth in its revenue. In Ethiopia, projects continue to push through with market size growing. As at the date of this announcement, the Group has multiple product lines in this market including workover service, drilling fluid service, cementing service, fracturing and acidizing service, as well as well completion tools service. In Pakistan, the Group provided experimental fracturing services project which is going smoothly. It is expected that there will still be substantial room for growth in the future in this regional area. Besides, the Group signed a comprehensive strategic cooperation agreement with China HBP (惠博普) and Geo-Jade Petroleum(洲際油氣), promoting fast mutual growth by integrating the capability of oil company, technical service company and EPC company. Geo-Jade Petroleum's reservoir in Kazakhstan will become a new growth point in Central Asia in 2017.

- In the America, the overall market has contracted significantly, with revenue decreasing significantly. However, the Group has achieved breakthrough in the new Ecuador market with independent completion tools.

Business Cluster Analysis

- For the year ended 31 December 2016, the Group's drilling technology cluster posted RMB437.5 million in revenue; well completion RMB751.1 million; oil production services cluster RMB429.1 million. In terms of the share in the Group's revenue, the well completion cluster was top contributor with approximately 46.4% or the Group's revenue; drilling technology services cluster accounted for approximately 27.0%; oil production technology cluster accounted for approximately 26.6%.

- In 2016, the continued sluggish market condition led to the significant decrease of drilling services, which is directly linked to new capital expenditure of clients. Production services, which is connected to more stable operation expenditure of clients, continued to grow. The Group emphasized on meeting clients' "reducing cost and increasing efficiency" demand, strengthened and promoted technological innovations, pushed through international technological cooperation, introduced cutting-edge technologies overseas, which help clients to improve efficiency, while raise profitability of different product lines.

Revenue Breakdown by Cluster

	Year ended 31 December			As a Percentage of Total Revenue Year ended 31 December	
	2016	2015	**Change**		
	(RMB million)	*(RMB million)*	*(%)*	**2016**	2015
Drilling technology cluster	**437.5**	652.0	**-32.9%**	**27.0%**	35.6%
Well completion cluster	**751.1**	778.4	**-3.5%**	**46.4%**	42.5%
Oil production services cluster	**429.1**	402.6	**6.6%**	**26.6%**	21.9%
Total	**1617.7**	1,833.0	**-11.7%**	**100.0%**	100.0%

Drilling technology cluster

In 2016, the drilling technology cluster recorded RMB437.5 million in revenue, a decrease of approximately 32.9% from last year's RMB652.0 million, mainly due to large reduction of capital expenditure for new wells by its clients, rapidly shrinking market size, as well as lack of overall workload from delayed commencing of projects.

Analysis of product lines in the drilling technology cluster:

1) Integrated services of oil and gas field development. Under the grim market condition, the Group had no project in progress in 2016 and no revenue was recorded (same as last year)

2) Integrated drilling service. In 2016, domestic integrated projects decreased significantly, which in turn resulted in a decrease in revenue. During 2016, this product line recorded revenue of RMB66.6 million, a decrease of approximately 54.1% from last year's RMB145.0 million. The Group exploited new market opportunity proactively and won tender for Guizhou CBM integrated project. Cementing services achieved reasonable growth and entered new market of Ethiopia in 2016, winning continuous workload and recording increasing revenue.

3) Directional drilling service. In 2016, this product line achieved reasonable growth. Domestically, the rotary geological steering service partnered with Schlumberger worked continuously in Southwest China, while the proprietary

rotary geological steering service recorded stable growth in Northeast China. Overseas, this product line achieved stable workload in Iraq. During 2016, this product line recorded revenue of RMB126.8 million, a growth of approximately 8.7% from last year's RMB116.6 million.

4) Drilling fluid service. Domestically, in the shale gas market in Southwest China, proprietary drilling fluid product and services gained further approval from clients, resulting in increased revenue. In Xinjiang area, revenue was down due to heightened competition and lower price despite steady workload. Overseas, in Ethiopia and Iraq, steady workload was obtained. This product line recorded RMB106.4 million in 2016, a decrease of approximately 14.1% than last year's RMB123.9 million.

5) Land drilling service. This product line has seen severe decline in 2016 due to the cut of capex on drilling of new wells and the increase of protectionism lead to lower workload and revenue. In the second half of 2016, drilling rigs started operation, increasing overall utilization rate. The Group has won tender in Erdos for a cooperation project of international oil company, where large potential is expected in the future. During 2016, this product line recorded revenue of RMB35.4 million, a decrease of approximately 55.8% from last year's RMB80.1 million.

6) Oilfield waste management service. This product line has adopted a more stable marketing strategy in 2016 domestically, recording revenue mainly from the Southwest shale gas market. Overall business of this product line has been shifted to overseas, where in Ethiopia breakthrough was achieved, bringing continuous workload. During 2016, this product line recorded revenue of RMB22.4 million, a decrease of approximately 24.1% from last year's RMB29.5 million.

7) Drilling tool rental and technology service. This product line has witnessed drop in customer demand and lower workload. Full year revenue decreased dramatically despite a warming-up Xinjiang market in the second half of the year. In 2016, this product line recorded revenue of RMB22.7 million, a drop of approximately 67.2% from last year's RMB69.2 million.

8) Oil and gas production facilities inspection and evaluation service. This product line mainly covered Xinjiang and Southwest China in 2016, and both drilling tools inspection and gas seal inspection have seen significant drop in workload, coupled with a sliding price from increased competition, lead to a sizable drop in revenue. In 2016, this product line recorded revenue of RMB57.2 million, a drop of approximately 34.8% from last year's RMB87.7 million.

EBITDA of the drilling technology cluster decreased approximately 23.2% from RMB184.4 million last year to RMB141.7 million in 2016. EBITDA margin for 2016 was 32.4%, an increase of approximately 4.1 percentage points from last year's 28.3%, mainly due to cost control measures and increased overseas business margin.

Well completion cluster

In 2016, the well completion cluster recorded revenue of RMB751.1 million, a drop of approximately 3.5% from last year's RMB778.4 million. Under the backdrop of overall market shrinking and large impact on conventional businesses. The Group recorded growth in revenues when it continued to advance the coiled tubing business with its technical and service advantages in unconventional markets. Fracturing/acidizing technique and chemical materials services continued to break through overseas markets. Meanwhile, the Group has focused on well completion technology innovation, pushing through proprietary completion tools and getting positive feedback from clients, especially gaining continuous development in new markets overseas. Heavier equipment for the fracturing services has lower utilization rate, and the Group has reallocated some idle fracturing equipment to overseas market to meet the demand, conducted experimental projects in new markets, help the Group to improve utilization as well as project margin. Regarding new technology cooperation, in November 2016, the Group signed a strategic cooperation agreement with Flotek from the United States. Both sides will co-promote the nano chemicals stimulation technology, which has been commonly used in North America oil and gas market, and is currently under research and experimental use in targeted markets in China. It is expected to bring new growth opportunities for the Group in the future.

Analysis of product lines in the well completion cluster:

1) Well completion integration. In 2016, due to decreasing workload for conventional projects, overall revenue has dropped. However, proprietary completion tools have gained approval from domestic market, and recorded an increase of revenue. Overseas, the Group finished delivering completion tools in Iran, and proprietary sand control tools entered Ecuador market. In 2016, well completion integration recorded revenue of RMB231.5 million, a decrease of approximately 26.9% from last year's RMB316.6 million.

2) Pressure pumping service. This product line has witnessed decreasing workload and utilization in 2016, resulting in a large drop in revenue. In 2016, this product line recorded revenue of RMB123.1 million, a drop of approximately 16.8% from last year's RMB147.9 million. The Group adjusted proactively by reallocating some idle fracturing equipment to overseas. Currently, 10,000 HHP worth of equipment each in Iraq and Pakistan provides stimulation service.

3) Coiled tubing service. This product line has actively explored new markets, and as a result recorded RMB331.0 million of revenue in 2016, an increase of approximately 36.9% from last year's RMB241.8 million. This Group has gained continuous workload in shale gas and CBM projects in Sichuan basin, and has stable workload in the Iraqi market.

4) Fracturing/acidizing technique and chemical materials. Benefiting from breakthroughs in Ethiopia and Pakistan, this product line has witnessed fast growth of revenue in 2016, recording RMB19.1 million, a rapid increase of approximately 96.9% from last year's RMB9.7 million.

5) Proppant. In 2016, the Group has taken the market condition in consideration and halted proppant production, which will resume as soon as the market recovers. Through selling of inventory, this product line recorded revenue of RMB8.1 million as compared with last year's RMB31.1 million.

6) Gravel packing service. This product line recorded RMB38.3 million in 2016, an increase of approximately 22.4% from last year's RMB31.3 million.

EBITDA of the well completion cluster decreased from RMB314.2 million in 2015 to RMB303.5 million in 2016, a decrease of approximately 3.5%. EBITDA margin for 2016 was 40.4%, the same as last year's approximately 40.4%.

Oil production services cluster

In 2016, the oil production services cluster continued to grow, with new breakthrough of production operation services in Iraq and large increase in workload. Workover service in the domestic market has achieved reasonable profit despite the grim market situation by reducing cost and increase efficiency. Overseas, workover services grew rapidly with Iraqi and Ethiopian projects under operation. This cluster recorded RMB429.1 million, an increase of approximately 6.6% as compared with last year's RMB402.6 million.

Analysis of product lines in the oil production services cluster:

1) Production operation services. It has achieved fast growth in 2016, and apart from normal operations of annual service contracts, the Group continued to break through the Iraqi market, winning new international oil company large-scale services order, and recording large increase in workload. During 2016, production operation services recorded RMB276.0 million of revenue, an increase of approximately 35.8% than last year's RMB203.3 million.

2) Workover service. Domestically, proprietary workover teams of the Group continued to operate consecutively in Xinjiang area; overseas, this sector has entered the new market of Ethiopia with steadily increasing workload. The oil production, workover and completion integrated project in Iraq has commenced operation at the end of 2016, after a year of preparation. In 2016, the workover service recorded RMB122.1 million of revenue, an increase of approximately 13.2% from last year's RMB107.9 million.

3) Oil tubing and casing and anti-corrosion technology. This product line experienced a decrease of approximately 66.1% in revenue from RMB91.4 million in 2015 to RMB31.0 million in 2016, due to the shrinking Xinjiang market, lowering demand and frequency of operations.

EBITDA for the oil production services cluster increased from RMB156.8 million in 2015 to this year's RMB198.0 million, an increase of approximately 26.3%. The EBITDA margin of this cluster was 46.2%, an increase of approximately 7.3 percentage points as compared with 38.9% in 2015, which was mainly due to the increase in margin along with the growth of revenue in the overseas markets.

Alignment of Strategic Resources

In 2016, the Group has maintained an asset-light development path and rigorously controlled incremental capital expenditure, and emphasized saving cost and improving efficiency through technology and innovation. In 2016, the Group made approximately RMB515.7 million in capital expenditure, mainly for the settlement of payables of previous years' investments, representing an increase of approximately 145.8% as compared with RMB209.8 million in 2015.

Alignment of Investment

In 2016, the Group added no significant investment, and mainly provided supplements for the Iraq workover and completion integrated project.

Significant Investments and Material Acquisition and Disposal

Save as disclosed herein this announcement, the Group did not have any significant investments, other material acquisition or disposal during the year ended 31 December 2016, and there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

Alignment of Research and Development Resource

In 2016, the Group emphasized on technology innovation and cooperation to conduct improvement and innovation on technologies and tools according to business needs, to fulfill requirements of its clients to boost production and reduce cost., and to promote optimization and upgrading of our products through technology cooperation. In 2016, the Group invested RMB16.5 million in research and development, a decrease of approximately 12.7% from RMB18.9 in 2015.

Key Research and Development Pipelines

— Improvement of MWD/LWD systems

— Research and deployment of shale gas oil-based drilling fluid technology

— Research on automatic fluid control technology

Alignment of Human Resources

On human resources, the Group continued to optimize human resources structure and re-deployed human resources according to new business development needs, increasing the level of employees internationalization. Major changes in 2016 included:

- Controlling total headcount. In 2016, the Group's staff number decreased by approximately 42.8% compared that of 2015.

- Optimizing human resources structure according to business development needs and increasing number of international employees. At the same time, the Group strengthened training to improve internationalization, providing powerful support to the high speed growth of its overseas businesses.

- Continuing to improve the compensation structure for the whole year, linking the employee compensation to performance appraisal. Improving the incentive mechanism by way of granting share options to employees to encourage employees to work with the Group for long term development. During 2016, the Group has granted a total 122,216,000 share options to about 200 core employees and directors, among which 112,800,000 shares with exercise price of HKD0.74 per share, 7,200,000 shares with exercise price of HKD0.80 per share, and 2,216,000 shares with exercise price of HKD1.10 per share. One third of the options is vested each year, commencing from the first anniversary after issuance.

Outlook

Looking ahead to 2017, the Group expects that international oil prices will rise from 2016 amid slight fluctuations, the overall market environment will pick up obviously and there will be a restorative increase in the capital expenditure by the oil companies and a considerable increase in the progress of project execution.

On the market side, the Group has laid a sound foundation for its overseas markets with many years of cultivation. In 2017, the Group will continue to implement the "globalization" market strategy, with the focus and priority to expand overseas markets. In the Iraqi market, oil companies will continue to carry out more exploration and production activities. The Group will fully expand the already built competitive advantages. Together with the improved integrated service capabilities upon the introduction of strategic partners, the Group will secure more project opportunities to further replace the market of international service companies. Moreover, by leveraging the quality cooperation with international oil company customers, the Group will further secure more projects from large oil company customers to move into the market for international top-notch oil companies. In addition to focusing on the development of the Iraqi market, the Group will devote every effort to expanding the oil and gas industry in emerging markets, particularly the development project opportunities arising from Chinese investors in the area of overseas investment. In the emerging markets, the Group will adopt a "follow-up strategy" by virtue of China's support policies used to push forward the "One Belt, One Road" initiative, acting as a technology partner of Chinese companies for their overseas projects to help Chinese independent oilfield companies enhance the efficiency of resource exploration and to further expand the local business development. In 2017, the Group will further focus on fostering market development in Ethiopia and Pakistan. The Kazakhstan market, in which the Group works together with its partner Geo-Jade Petroleum, will be a new market growth driver. With respect to the domestic market, the impact of substantial cuts in capital expenditure by major customers on production over the past two years has begun to show, and further cuts are expected to be unsustainable such that an opportunity will rise in the market for restorative growth. The Group will maintain a robust market strategy which places emphasis on natural gas projects in Erdo market and shale gas projects in Southwest China leveraging on its advantages in unconventional technology and integrated service capabilities to secure opportunities arising from unconventional oil and gas projects to increase its market share.

Regarding project execution, as of the date of this announcement, the Group's orders on hand of approximately RMB3,000.0 million in total have entered into their respective commencement stage, and conversion rate of orders in 2017 will be significantly higher than 2016, which provided guarantee for the Group's performance growth in 2017. Overseas, in Iraq, the workover and completion integrated project totaling USD140.0 million has already commenced operation; the production integrated maintenance project with a total of USD78.0 million was informed by the customer to fully accelerate the execution of the project. It is expected to complete the workload ahead of schedule. The fracturing project with a total of USD15.0 million was completed, and test wells operation of which was completed have significantly stimulated productivity, production per well increasing from a daily production of approximately 100 barrels to that of approximately 600 barrels. Besides, after two years of standing by, the previously-won USD50.0 million drilling integration project has received official notice for to commence operation, and it is expected to start in second quarter of 2017. Domestically, 5 drilling rigs of the Group has achieved continuous workload. With the gradual recovering of the market, the Group will focus on high-performance operations of the Erdos natural gas project and Guizhou CBM project. The Group will maintain high QHSE (Quality, Health, Safety and Environment) management of all projects, and make sure the orders are completed of high-quality and high-efficiency.

Regarding products and technology, the Group will push through comprehensive "internationalization" of technology cooperation, and introduce advanced international technologies and products as well as strengthen proprietary technological innovation, based on customers' demand of "boosting production and reducing cost". The Group will continue developing proprietary products and technologies while continuing technological cooperation. The Group will focus on key technical products which have established international cooperation, e.g. nano chemical stimulation technology, to strengthen market promotion and client trials, strive for market breakthrough, and bring about new business development.

On service model, the Group will promote improvement of the customer-centered "integrated" service model. In emerging markets, because of lacking expertise and service resources, there is strong demand for integrated services. The Group will dig into customers' demand, achieve multi-product coverage on same customers and play out cross-sector synergies, improve efficiency and reduce costs with economies of scale, and ultimately, through various forms of integrated services, meet their demand for reducing cost and boosting production.

On human resources, on the basis of continued and across-the-board cost control, the Group will continue to push through internationalization of the workforce, and train a group of internationalized talents who could represent the Group in key positions over the world. The Group will strengthen the construction of reservoir and engineer expert teams, introduce integrated oil & gas production solution talents and field operation organization, implementation and quality-control talents, as well as furnish training mechanism for internal professionals. The Group will continue localization of talents, increase ratio of local employees in overseas markets, with regular services and operations posts having primarily local employees. On compensation, the Group will continue to build and improve a compensation scheme suiting industry characterizations and the globalization trend.

In terms of capital, with the increase in revenue of the Group, the increase in profit margins and the decrease of overseas projects' cash occupation, the Group's operating cash inflow for 2017 is expected to increase substantially comparing with that of 2016. At the same time, the Group will continue to adhere to the "light assets" strategy, strictly control capital expenditure and reduce investment outflow. In terms of financing, the Group will continue to deepen its cooperation with commercial banks to increase financing inflows. Overall, it is expected that the Group's cash level in 2017 will be significantly higher than that in 2016.

As the whole, the Group is fully prepared for market recovery by completing the adjustments in the trough of the market. The full commencement of the adequate market orders will provide guarantee for the rapid growth of the Group's business. Cost structure optimization will continue to improve the Group's competitiveness, and help the Group recover profitability under low oil price. The Group will spare no effort to use established overseas market advantages and push through the internationalization process, with its focus on the emerging markets. At the same time, the Group will enhance international technological cooperation, raise internationalization level of talents, and advance in leaps and bounds towards the strategic goal of becoming a leading global oilfield services provider with a solid foothold in China.

Revenue

The Group's revenue in 2016 amounted to RMB1,617.7 million, representing a decrease of RMB215.3 million or approximately 11.7% as compared to RMB1,833.0 million in 2015. The decrease in the Group's revenue was mainly attributable to the further downsizing of domestic oil companies' capital expenditure which has led to the shrink of markets and the delay of certain projects, and the increased competition and downward pricing pressure resulting in the decline of revenue in the domestic market.

Costs of Sales

The costs of sales in 2016 decreased to RMB1,073.8 million, representing a decrease of approximately 14.1%, from RMB1,250.3 million in 2015. The decrease was mainly attributable to lower revenue.

Other Gains

Other gains in 2016 increased to RMB69.0 million from losses of RMB20.7 million in 2015. The increase was mainly attributable to the disposal of the Group's Subsidiaries.

Selling Expenses

Selling expenses in 2016 amounted to RMB110.8million, representing a decrease of RMB26.7 million or approximately 19.4% as compared to RMB137.5 million in 2015. This was mainly attributable to the rapid downsizing and adjustment of human resources and strengthening of cost control in the harsh market environment.

Administrative Expenses

Administrative expenses in 2016 amounted to RMB337.8 million, representing a decrease of RMB1.2 million or approximately 0.4% as compared to RMB339.0 million in 2015.

Research and Development Expenses

Research and development expenses in 2016 amounted to RMB16.5 million, representing a decrease of RMB2.4 million or approximately 12.7% as compared to RMB18.9 million in 2015. This was mainly attributable to the fact that the Group planned and implemented its research and development projects to target more specifically under such market environment.

Sales Tax and Surcharges

Sales tax and surcharge in 2016 amounted to RMB4.6 million, representing a decrease of RMB11.0 million or approximately 70.5% as compared to RMB15.6 million in 2015. This was mainly due to the change of domestic applicable taxes from business taxes to value-added taxes.

Operating Profit

As a result of the foregoing, the operating profit of the Group in 2016 amounted to RMB143.2 million, representing an increase of RMB50.7 million or approximately 54.8% as compared to RMB92.5 million in 2015. The operating profit margin for 2015 was 8.9%, representing an increase of 3.9 percentage points from 5.0% in 2015.

Finance Costs (Net)

Net finance costs in 2016 was RMB173.4 million, a decrease of approximately RMB81.4 million as compared to RMB254.8 million in 2015. The decrease was mainly due to the proper allocation of the U.S. dollar asset of the Group.

Share of Loss of Investments Accounted for Using the Equity Method

The share of loss of associated companies in 2016 amounted to RMB0.4 million (2015: RMB0). The share of loss of joint venture in 2016 amounted to RMB0 (2015: RMB1.0 million).

Income Tax Expense

Income tax expense in 2016 amounted to RMB67.1 million, representing an increase of RMB 35.2 million from RMB31.9 million in 2015. This was mainly due to the revenue increase of the Group's Iraq business.

Loss for the Year

As a result of the foregoing, the Group recorded loss of RMB97.7 million for the year ended 31 December 2016, representing a decrease of RMB97.5million or approximately 49.9% as compared to 2015.

The Group's loss attributable to equity holders of the Company in 2016 amounted to RMB160.5 million, reduced by RMB34.2 million, or approximately 17.6% as compared to 2015.

Trade and Notes Receivables

As at 31 December 2016, the Group's net trade and notes receivables were RMB1,298.0 million, representing a increase of RMB13.6 million as compared to 31 December 2015. The average trade receivables turnover days (excluding quality guarantee deposits and other deposits) in 2016 were 263 days, representing an increase of 15 days as compared to 2015. This was mainly attributable to the customers changed their operation strategy amid the difficult market condition.

Inventories

As at 31 December 2016, the Group's inventories were RMB781.2million, representing a decrease of RMB53.0 million as compared to 31 December 2015, mainly due to the optimization of the business structure and the consumption of the inventory of the Group.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2016, the Group's cash and bank deposits amounted to approximately RMB899.6 million (including: restricted bank deposits, term deposits with initial terms of over three months, cash and cash equivalents), representing an increase of RMB272.2 million as compared to 31 December 2015.

As at 31 December 2016, the Group's outstanding short-term loans amounted to RMB739.6 million. The Group's outstanding long-term loans amounted to RMB151.2 million. Credit facilities granted to the Group by banks amounted to RMB960.0 million, of which approximately RMB80.0 million were not used.

As at 31 December 2016, the liability-to-asset ratio (total liabilities divided by total assets) of the Group was 70.3%, representing an increase of 2.0 percentage points from the liability-to-asset ratio of 68.3% as at 31 December 2015. As at 31 December 2016, the gearing ratio of the Group was 67.2%, representing an increase of 6.2 percentage points from the gearing ratio of 61.0% as at 31 December 2015. The gearing ratio is calculated as total borrowings divided by total capital. Total borrowings include borrowings, bonds, non-current portion of accruals and other payables and trade and notes payables, as shown in the consolidated balance sheet. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus total borrowings.

The equity attributable to equity holders of the Company decreased from RMB1,894.0 million as at 31 December 2015 to RMB1,544.9 million as at 31 December 2016.

The Group will further deepen the cooperation with commercial banks to increase cash in-flow from financing activities. The overall cashflow is expected to show a remarkable improvement in 2017.

MATERIAL ACQUISITION AND DISPOSAL

On 28 April 2016, Anton Oilfield Services (Group) Co., Ltd. ("Anton Oil"), a wholly-owned subsidiary of the Group, entered into a framework agreement with Ningbo Hengxin Runcheng Investment LP (寧波恒信潤成投資合夥企業(有限合夥)) (the "Purchaser"), pursuant to which Anton Oil agreed to sell 80% interest in 新疆

通奧油田技術服務有限公司 (Xinjiang Tong'Ao Oilfield Services Co., Ltd.), to the Purchaser for RMB160 million. As at the date of this announcement, the parties have yet to enter into the definitive agreements for the transaction pending further negotiation among the parties.

On 16 May 2016, the Company, Anton International Services Company Limited, a wholly-owned subsidiary of the Company and Anton Oilfield Services DMCC ("DMCC"), an indirect wholly-owned subsidiary of the Company entered into an agreement with Hong Kong Huihua Global Technology Limited (香港惠華環球科技有限公司) and 華油惠博普科技股份有限公司 (China Oil HBP Science & Technology Co., Ltd.), pursuant to which the Company will through the transferring of 40% of the issued share capital of DMCC introduce a joint venture partner for the Iraqi business. The agreement and the transactions contemplated thereunder have been approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 26 July 2016. For more details, please refer to the announcements of the Company dated 16 May 2016 and 26 July 2016 and the circular of the Company dated 11 July 2016.

ISSUE OF NEW SHARES AND USE OF PROCEEDS

Trafalgar Subscription

On 1 December 2016 (after trading hours), the Company entered into a subscription agreement (the "**Trafalgar Subscription Agreement**") with Trafalgar Trading Fund Inc. ("**Trafalgar**") pursuant to which Trafalgar agreed to subscribe 221,619,605 new shares of the Company at the subscription price of HK$1.0080 per Share (the "**Trafalgar Subscription**"). The subscription shares under the Trafalgar Subscription represent approximately 10.00% of the issued share capital of the Company as at the date of the Trafalgar Subscription Agreement and approximately 9.09% of the Company's issued share capital as enlarged by the Trafalgar Subscription.

A net proceeds of HK$222.89 million was received by the Company pursuant to the Trafalgar Subscription and the issuance of new shares to Trafalgar was completed on 25 December 2016.

The subscription shares under the Trafalgar Subscription have a market value of HK$248,213,957.60. The subscription price under the Trafalgar Subscription of HK$1.0080 per subscription share represents: (i) a discount of approximately 10.00% to the closing price of HK$1.1200 per share as quoted on the Stock Exchange on 1 December 2016, the date the Trafalgar Subscription Agreement; (ii) a discount of approximately 5.97% to the average closing price of HK$1.0720 per Share as quoted on the Stock Exchange for the last five trading days up to and including 30 November 2016; and (iii) a discount of approximately 5.79% to the average closing price of HK$1.0700 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 30 November 2016.

As stated in the announcement of the Company dated 1 December 2016. The Company intended to use the net proceeds raised from the Trafalgar Subscription as general working capital of the Company. As at the date of this announcement, the Group had utilised approximately RMB100.0 million of the proceeds from the Trafalgar Subscription as general working capital. The unutilised portion of the net proceeds from the Trafalgar Subscription is held in cash and cash equivalents and intended that it will be applied in the manner consistent with the proposed allocations.

Geo-Jade Subscription

On 15 December 2016 (after trading hours), the Company entered into a subscription agreement (the "**Geo-Jade Subscription Agreement**") with Geo-Jade Petroleum Corporation (洲際油氣股份有限公司) ("**Geo-Jade**") pursuant to which Geo-Jade agreed to subscribe 221,619,604 new shares of the Company at the subscription price of HK$1.0080 per Share (the "**Geo-Jade Subscription**"). The subscription shares under the Geo-Jade Subscription represent approximately 9.09% of the issued share capital of the Company as at the date of the Geo-Jade Subscription Agreement and approximately 8.33% of the Company's issued share capital as enlarged by the Geo-Jade Subscription.

A net proceeds of HK$222.89 million was received by the Company pursuant to the Geo-Jade Subscription and the issuance of new shares to Geo-Jade was completed on 25 January 2017.

The subscription shares under the Geo-Jade Subscription have a market value of HK$239,349,172.32. The subscription price under the Geo-Jade Subscription of HK$1.0080 per subscription share represents: (i) a discount of approximately 6.67% to the closing price of HK$1.080 per share as quoted on the Stock Exchange on 15 December 2016, the date the Geo-Jade Subscription Agreement; (ii) a discount of approximately 8.86% to the average closing price of HK$1.l06 per Share as quoted on the Stock Exchange for the last five trading days up to and including 14 December 2016; and (iii) a discount of approximately 8.78% to the average closing price of HK$1.105 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 14 December 2016.

As stated in the announcement of the Company dated 15 December 2016. The Company intended to use the net proceeds raised from the Geo-Jade Subscription as general working capital of the Company. As at the date of this announcement, no net proceeds from the Geo-Jade Subscription was utilised. The unutilised portion of the net proceeds from the Geo-Jade Subscription is held in cash and cash equivalents and intended that it will be applied in the manner consistent with the proposed allocations.

EXCHANGE RISK

The exchange risk of the Group mainly arises from its foreign currency deposits, trade receivables denominated in foreign currencies and the Group's USD-denominated bond issued in 2013. Any fluctuations in RMB exchange rate against the US dollar may have a negative impact on the Group's operating results and financial position.

CASH FLOW FROM OPERATING ACTIVITIES

For the year ended 31 December 2016, net cash outflow from operating activities of the Group amounted to RMB66.0 million, representing an decrease of RMB223.4 million compared to 2015. This was mainly because of the optimized the payment terms and increased the payment of suppliers.

CAPITAL EXPENDITURE AND INVESTMENT

The Group's capital expenditure for 2016 was RMB515.7 million, of which, investments in fixed assets were RMB473.4 million, investments in intangible assets (including land use rights) were RMB38.3 million. The Group's net capital expenditure was RMB422.1 million, which included an RMB93.5 million recouping investments capital.

CONTRACTUAL LIABILITY

The Group's contractual commitments mainly consist of payment obligations under the Group's operating lease arrangements and capital commitments. The Group leases offices and certain equipment and machinery through operating leases. As at 31 December 2016, the Group's operating lease commitments amounted to approximately RMB37.0 million. As at 31 December 2016, the Group had capital commitments of approximately RMB27.5 million, which was not provided for in the balance sheet.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities or guarantees.

PLEDGE OF ASSETS

As at 31 December 2016, the Group's pledge of assets including property, plant and equipment with a net book value of RMB547.0 million, land use rights with a net book value of RMB27.3 million and account receivables with a net book value of RMB221.8 million.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2016, the Group did not have any off-balance sheet arrangement.

FINAL DIVIDENDS

At the Board meeting held on 27 March 2017, the Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 26 May 2017 (Friday), and the notice convening the AGM will be published and dispatched to the Company's shareholders in the form required in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 May 2017 (Tuesday) to 26 May 2017 (Friday), both days inclusive, during which period no share transfers will be registered. In order to be eligible for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 May 2017 (Monday).

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") under Appendix 14 to the Listing Rules during the year ended 31 December 2016, except for the following deviation:

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not separate the roles of the Chairman and Chief Executive Officer. Mr. Luo Lin ("Mr. LUO") served as both the Chairman and the Chief Executive Officer of the Company during the reporting period up till the appointment of Mr. Pi Zhifeng on 4 February 2016.

From 4 February 2016, Mr. Pi Zhifeng ("Mr. PI") has been appointed as the Chief Executive Officer and since then Mr. Luo only serve as the Chairman of the Company. As the Chairman of the Board of the Group, Mr. LUO continues to provide leadership for the Board of the Group to ensure that it performs its responsibilities and provide decision and supervision on development strategies, operational plans, financial control and human resources management of the Company; and Mr. PI specifically responsible for the day-to-day management of the Group. With the roles of Chairman and Chief Executive Officer served by two individuals, the Company is in compliance with Code Provision A.2.1 from 4 February 2016.

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2016, the Company repurchased a total 4,926,000 shares (2015: Nil) on the Stock Exchange at an aggregate consideration of approximately HK$3,064,120 (before expenses) (2015: Nil). All the repurchased shares were subsequently cancelled by the Company during the year. Particulars of the repurchases were as follows:

Month of the repurchases	Number of ordinary shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
January 2016	4,926,000	0.63	0.62	3,064,120
Total:	4,926,000			3,064,120

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") comprising all three 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 financial statements for the year ended 31 December 2016.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2016 as set out in the draft preliminary announcement have been agreed by the Group's auditors, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with

Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

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

Hong Kong, 27 March 2017

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