

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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)

MAJOR AND CONNECTED TRANSACTION

THE ACQUISITION

On 22 December 2017, the Company, Anton International and DMCC entered into the Agreement with Huihua and HBP pursuant to which the Group will acquire from Huihua 40% of the issued share capital of DMCC for the consideration of RMB735,000,000.

DMCC is a non-wholly owned subsidiary of the Group which is owned as to 60% by the Group and as to 40% by Huihua. DMCC is principally engaged in the provision of oilfield services in Iraq. After completion of the Acquisition, DMCC will become a wholly-owned subsidiary of the Group.

The consideration for the Acquisition in the amount of RMB735,000,000 will be settled as to RMB450,000,000 by cash and as to RMB285,000,000 will be settled by the Company issuing to Huihua, an aggregate of 334,224,599 new Shares at the issue price of HK\$1.014 per Share.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Huihua is a substantial shareholder of a non-wholly owned subsidiary of the Group, it is a connected person of the Company at the subsidiary level and the Acquisition also constitute a connected transaction for the Company and is subject to the approval of the Independent Shareholders.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding, among other things, the terms of the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details about the Acquisition; (ii) the recommendations of the Independent Board Committee on the Acquisition; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder; and (iv) the notice convening the EGM, will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules. As the Company expects that it will require more time to collect and collate the information to be included in the circular, it is currently expected that the circular will be dispatched to the Shareholders on or before 31 January 2018.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent set out in the Agreement and therefore may or may not occur. As the Acquisition may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE AGREEMENT

Date:

22 December 2017

Parties to the Agreement:

- (1) the Company;
- (2) Anton International, a wholly owned subsidiary of the Company;

- (3) DMCC, an indirect non-wholly owned subsidiary of the Company;
- (4) Huihua, which is a substantial shareholder of DMCC holding 40% of the share capital of DMCC as at the date of this announcement; and
- (5) HBP, the holding company of Huihua.

The Acquisition

Huihua will transfer its 40% holding in DMCC to the Group, of which 24.5% will be transferred to Anton International and 15.5% will be transferred to the Company. Upon completion of the Acquisition, the Group will hold 100% of the issued share capital of DMCC and DMCC will become an indirect wholly-owned subsidiary of the Company.

Consideration

The consideration for the 40% interest in DMCC is RMB735,000,000. The consideration was determined after arm's length negotiations between the parties with reference to among other things, (i) the net asset value of DMCC as at 30 June 2017; (ii) the valuation of the existing shares in DMCC held by Huihua; (iii) the current operations of DMCC; and (iv) the business prospects of the oilfield services market in Iraq. The consideration will be payable by the Group through a combination of cash and the issue of the Consideration Shares.

The consideration in the amount of RMB735,000,000 will be settled as to RMB450,000,000 by cash and as to RMB285,000,000 by the Company issuing to HBP, the holding company of Huihua, an aggregate of 334,224,599 new Shares at the issue price of HK\$1.014 per Share. The consideration will be payable in accordance with the following schedule:

- (i) the equivalent of RMB300,000,000 in USD will be payable by Anton International to Huihua within 5 Business Days of the Agreement becoming effective;
- (ii) the equivalent of RMB75,000,000 in USD will be payable by Anton International to Huihua within 15 Business Days after the Independent Shareholders have approved the Acquisition in the EGM;
- (iii) the equivalent of RMB285,000,000 will be settled by the Company issuing to Huihua the Consideration Shares at the Issue Price at a time between 10 April 2017 and 20 May 2018, upon the Independent Shareholders having approved the Acquisition at the EGM and the Listing Committee having granted approval for the listing of and permission to deal in the Consideration Shares;

(iv) the balance of the consideration in the amount of RMB75,000,000 will be paid by Anton International to Huihua before 30 June 2019.

Consideration Shares

An aggregate of 334,224,599 Shares will be issued to HBP to settle part of the consideration. The Consideration Shares represent (i) approximately 12.56% of the existing issued share capital of the Company, and (ii) approximately 11.16% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

Based on the closing price of the Shares of HK\$0.84 per Share on 22 December 2017, the date of the Agreement, the Consideration Shares have a market value of HK\$280.75 million and an aggregate nominal value of HK\$33,422,459.90. After deducting expenses relating to the issue of the Consideration Shares, the net price per Consideration Share is approximately HK\$1.013.

The Consideration Shares will be issued under a special mandate to be sought from the Independent Shareholders. An application will be made to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Issue Price of HK\$1.014 per Consideration Share was arrived at after arm's length negotiation between the parties with reference to the prevailing market price of the Shares.

The Issue Price represents:

- (i) a premium of approximately 20.71% to the closing price of HK\$0.840 per Share as quoted on the Stock Exchange on 22 December 2017, the date the Agreement;
- (ii) a premium of approximately 25.81% to the average closing price of HK\$0.806 per Share as quoted on the Stock Exchange for the last five trading days up to and including 21 December 2017, the date immediately preceding the date of the Agreement; and
- (iii) a premium of approximately 28.03% to the average closing price of HK\$0.792 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 21 December 2017.

Given that the Issue Price was set with reference to the market price of the Shares, the Directors consider that the Issue Price is fair and reasonable under the present market conditions.

Ranking of the Consideration Shares

The Consideration Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the date of issue of the Consideration Shares, including the right to any dividends or distribution declared on or after the date of the issue.

Change in the shareholding structure of the Company

Assuming there is no change to the issued share capital of the Company between the date of the Agreement and the issue of the Consideration Shares, the effect on the shareholding structure of the Company as a result of the issue of the Consideration Shares will be as follows:

Shareholders	Shareholding as at the date of this announcement		Shareholding after completion of the issue of the Consideration Shares	
	Shares	% of shareholding	Shares	% of shareholding
Pro-Development	601,580,740	22.61%	601,580,740	20.09%
Schlumberger	423,361,944	15.91%	423,361,944	14.14%
Sub-total	1,024,942,684	38.53%	1,024,942,684	34.23%
HBP	106,377,410	4.00%	440,602,009	14.71%
Other public shareholders	1,528,913,162	57.47%	1,528,913,162	51.06%
Total	2,660,233,256	100.00%	2,994,457,855	100.00%

Conditions Precedent

Completion will be conditional upon the satisfaction of the following conditions:

- (a) the Independent Shareholders having approved the Acquisition in a general meeting of the Company held in compliance with the Listing Rules;
- (b) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares; and

(c) Anton International having paid the first installation of the consideration of RMB300,000,000 to Huihua in accordance with the terms of the Agreement.

None of the conditions to the Agreement can be waived. If the above conditions are not fulfilled by, Huihua may terminate the Agreement by written notice. Upon such termination, Huihua will refund all and any part of the consideration already paid by the Group within 5 days of the termination of the Agreement.

INFORMATION ON DMCC

DMCC is a company established in the United Arab Emirates. As at the date of this announcement, DMCC is held as to 60% by Anton International and as to 40% by Huihua. The 40% interests in DMCC held by Huihua was acquired from the Group in DMCC and its subsidiary are primarily involved in the provision of oilfield services in Iraq.

The net asset value of DMCC was approximately RMB1,040,519,416 as at 30 June 2017. The financial results of DMCC for the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 are as follows:

	For the year ended 31 December		For the six months ended 30 June
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	213,993	313,985	112,608
Profit after tax	182,689	268,814	85,789

Upon completion, the Group will hold 100% of the issued share capital of DMCC and DMCC will become an indirect wholly-owned subsidiary of the Company and DMCC's financial results will continue to be consolidated into the consolidated financial statements of the Company.

REASONS FOR THE ACQUISITION

The Company and HBP are both oilfield technical services providers. The two parties had achieved good execution on the Iraqi cooperation and established solid strategic partnership with mutual trust. Besides, the two parties had expanded the cooperation to several other emerging markets along the "Belt and Road" region. The Company had achieved high business growth this year along with the global oil and gas industry recovery, the USD bond refinancing also completed in November. A significant Iraqi business growth as well as other "Belt and Road" emerging markets'

growth are expected to be seen; the two parties decided to further optimize the cooperating structure. Through this transaction, the Company will take back 40% of the Iraqi business equity and realize a complete control over DMCC. At the same time, placing shares to HBP will deepen two parties' global strategic cooperation.

The Directors (including the independent non-executive Directors) consider that the Agreement was concluded after arm's length negotiations under normal commercial terms, and will enhance the partnership between the Group and HBP which will foster greater cooperation between the parties in the oilfield services market. The Directors also consider that the terms of Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is an oilfield services provider.

Anton International is a wholly-owned subsidiary of the Company incorporated in Hong Kong. It is the holding company for the Group's overseas subsidiaries.

Huihua is a company incorporated in Hong Kong and is a wholly-owned subsidiary of HBP. It is principally engaged in the business of investment holding.

HBP is a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ002554). HBP is an oilfield services provider.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Huihua is a substantial shareholder of a non-wholly owned subsidiary of the Group, it is a connected person of the Company at the subsidiary level and the Acquisition also constitute a connected transaction for the Company and is subject to the approval of the Independent Shareholders.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding, among other things, the terms of the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details about the Acquisition; (ii) the recommendations of the Independent Board Committee on the Acquisition; (iii) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder; and (iv) the notice convening the EGM, will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules. As the Company expects that it will require more time to collect and collate the information to be included in the circular, it is currently expected that the circular will be dispatched to the Shareholders on or before 31 January 2018.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent set out in the Agreement and therefore may or may not occur. As the Acquisition may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 40% interest in DMCC as contemplated under the Agreement;
“Agreement”	the agreement dated 22 December 2017 between the Company, Anton International, DMCC, Huihua and HBP in relation to the Acquisition;
“Anton International”	Anton Oilfield Services Company International Limited, a company incorporated in Hong Kong, 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;
“Consideration Shares”	an aggregate of 334,224,599 Shares to be issued by the Company to HBP to partly satisfy the consideration for the Acquisition;
“Director(s)”	the director(s) of the Company;
“DMCC”	Anton Oilfield Services DMCC, a company incorporated in the United Arab Emirates, an indirect non wholly-owned subsidiary of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Acquisition;
“Group”	the Company and its subsidiaries;
“HBP”	華油惠博普科技股份有限公司 (China Oil HBP Science & Technology Co., Ltd.) a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ002554);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Huihua”	Hong Kong Huihua Global Technology Limited (香港惠華環球科技有限公司), a company incorporated in Hong Kong, a wholly owned subsidiary of HBP;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders on the terms of the Acquisition;
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition;

“Independent Shareholders”	Shareholders other than HBP and its associates;
“Issue Price”	HK\$1.014;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder(s)”	holder(s) of the high-yield notes of the Company;
“Noteholders’ Meeting”	general meeting of the Noteholders to be convened to approve the Acquisition;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“USD”	United States dollar, the lawful currency of the United States of America;
“%”	per cent.

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

Hong Kong, 22 December 2017

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