

[For Immediate Release]



## **Anton Oil Sells Interests in Bazhou Anton Chang Xiang**

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### **Protective Measures Prompted by Risk Mitigation Mechanism**

(Hong Kong, 7 February 2013) Anton Oilfield Services Group (“Anton Oil” or the “Group”, HKEx stock code: 3337), the leading independent oilfield services provider in China, announced today that its subsidiaries have entered into a share transfer agreement with an independent third-party to sell the Group’s 55% interests in Bazhou Anton Chang Xiang Applied Chemical Technology Co. (“BACX”), for a consideration of RMB56,496,948. BACX was incorporated as an investment holding company subsequent to Anton Oil’s acquisition of Bazhou Companies in May 2012 and holds the entire equity interests in the Bazhou Companies.

The respective parties set a limit on the maximum amount of liabilities undertaken by the Bazhou Companies when Anton Oil acquired the interests in the Bazhou Companies in May 2012. However, the contingent liabilities at that time have been confirmed and exceeded the predefined level, resulting in a tight cash position and operational losses incurred by the Bazhou Companies and BACX’s inability to satisfy the profitability requirements set by the Group, presenting noticeable operational risks. Anton Oil thus decided to proceed with the disposal triggered by the risk mitigation mechanism specified in the acquisition and cooperation agreement signed in May 2012 in relation to the acquisition of the Bazhou Companies’ stake, so as to protect the Group from the potential impact of such risks. Pursuant to the terms of the share transfer agreement, the purchaser and the Bazhou minority shareholders will assume all liabilities of BACX upon completion of the disposal. At the same time, the Bazhou minority shareholders would be responsible for the reliability, accuracy and completeness of the financial statements as well as the assets and liabilities of BACX and the Bazhou Companies prior to the transfer of the interests. The Group is expected to realise an unaudited gain on disposal of RMB13,250,814.

The transfer of the 55% interests excludes the transfer of employees. Anton Oil has the right to, within a period of six months of the disposal, evaluate whether any employees of BACX and the Bazhou Companies fulfill the employment requirements of the Group, and for those who meet such requirements and wish to join the Group, Anton Oil will respect their choices and retain such employees in the Group, so as to continue the building of a sizable engineer team in the drilling fluid service area in China.

Since the Bazhou Companies are involved in the provision of water-based drilling fluid material and services and one of Anton Oil’s new key services in 2012 was the high-end oil-based drilling fluid service which witnessed robust order backlogs over the past year with a growth momentum in the future and targets a different market as compared with the water-based drilling fluid service provided by the Bazhou Companies, it is viewed that the disposal will not have any impact on the Group’s oil-based drilling fluid business. Upon completion of the disposal, Anton Oil will accelerate its talent acquisition and other investment to further enhance the drilling fluid services and consolidate the development of the drilling fluid business, growing it as one of the Group’s core businesses.

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### **About Anton Oilfield Services Group**

Anton Oilfield Services Group (HKEx stock code: 3337) is a leading independent oilfield services provider offering one-stop oil and gas field technical development services to oil companies. Its services and solutions span across the drilling technology, well completion, downhole operation, and oil production phases in the development cycle. Its fast growth benefits from the accelerated development of natural gas in China and the Group's increased presence in the overseas markets. At the same time, Anton Oilfield is committed to continuously strengthening its R&D capabilities and making additions to its talent reserves. The Group's strategic objective is to become a global oilfield services provider with a solid foothold in China.

Anton Oilfield is headquartered in Beijing with sales offices and operations bases across China's major onshore oil and natural gas basins. The Group also has an international headquarters in Dubai with an extensive network across the Middle East, Central Asia, Africa, and Americas.

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