ANTON OILFIELD SERVICES GROUP

(incorporated in the Cayman Islands with limited liability)

(Stock Code:3337)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

GROUP FINANCIAL HIGHLIGHTS

1. **Revenue increased by 99.8% to RMB493.4 million**

2. **Operating Profit increased by 57.2% to RMB133.4 million**

3. **Net profit attributable to equity holders of the Company increased by 47.4% to RMB113.0 million**

4. **Earnings per share was RMB7 cents**

5. **Net operating cash flow reached RMB24.6 million**

RESULTS

The board of directors (the "Board") of Anton Oilfield Services Group (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 with comparative figures for 2006, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2007	2006
	Note	***RMB'000***	RMB'000
Revenue		**493,434**	246,951
Other income, net		**888**	1,987
Operating costs			
Material costs		**(240,736)**	(99,252)
Staff costs		**(49,875)**	(15,512)
Operating lease expenses		**(9,734)**	(7,398)
Depreciation and amortisation		**(10,622)**	(5,483)
Others		**(49,984)**	(36,459)
		(360,951)	(164,104)
Operating profit	*4*	**133,371**	84,834
Interest income		**4,553**	396
Finance expenses		**(11,099)**	(1,780)
Finance costs, net	*5*	**(6,546)**	(1,384)
Share of profits of a jointly controlled entity		**489**	–
Profit before income tax		**127,314**	83,450
Income tax expense	*6*	**(14,157)**	(4,953)
Profit for the year		**113,157**	78,497
Attributable to:			
Equity holders of the Company		**113,000**	76,651
Minority interest		**157**	1,846
		113,157	78,497
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
– basic and diluted	7	**0.07**	0.05
Proposed dividend		**–**	–

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2007	2006
	Note	***RMB'000***	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**147,346**	71,393
Land use rights		**15,101**	13,262
Intangible assets		**99,072**	–
Investment in a jointly controlled entity		**34,109**	–
Deferred income tax assets		**2,852**	–
		298,480	84,655
Current assets			
Inventories		**121,088**	50,115
Trade and notes receivables	*8*	**319,001**	197,799
Prepayments and other receivables		**43,142**	41,390
Restricted bank deposits		**82,610**	85,896
Cash and cash equivalents		**976,654**	46,137
		1,542,495	421,337
Total assets		**1,840,975**	505,992
EQUITY			
Share capital		**195,006**	145,954
Reserves		**1,189,653**	156,925
Minority interest		**5,110**	2,874
Total equity		**1,389,769**	305,753
LIABILITIES			
Non-current liabilities			
Other long-term payable		**37,500**	–
Deferred income tax liabilities		**5,045**	–
		42,545	–
Current liabilities			
Short-term borrowings		**163,500**	121,266
Trade payables	*9*	**60,217**	26,929
Accruals and other payables		**170,171**	47,780
Current income tax liabilities		**14,773**	4,264
		408,661	200,239
Total liabilities		**451,206**	200,239
Total equity and liabilities		**1,840,975**	505,992
Net current assets		**1,133,834**	221,098
Total assets less current liabilities		**1,432,314**	305,753

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December **2007** ***RMB'000***	 2006 RMB'000
Cash flows from operating activities			
Net cash inflows/(outflows) from operations	*10*	**31,845**	(92,798)
Interest paid		**(7,294)**	(1,340)
Interest received		**4,553**	396
Income tax paid		**(4,474)**	(1,670)
Net cash generated from/(used in) operating activities		**24,630**	(95,412)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(79,040)**	(41,477)
Proceeds from disposal of property, plant and equipment		**7,116**	296
Purchase of land use rights		**(1,848)**	(6,706)
Purchase of intangible assets		**(2,670)**	–
Proceeds from disposal of an available-for-sale financial asset		–	2,000
Acquisition of subsidiaries, net of cash acquired	*11*	**(10,773)**	–
Increase in investment in a jointly controlled entity		**(33,620)**	–
Acquisition of minority interests		–	(2,250)
Decrease/(increase) in restricted bank deposits		**3,286**	(83,896)
Net cash used in investing activities		**(117,549)**	(132,033)
Cash flows from financing activities			
Proceeds from short-term borrowings		**163,500**	126,266
Repayments of short-term borrowings		**(121,266)**	(12,300)
Repayments of long-term borrowings		**(1,500)**	–
Capital injections		**115,742**	165,391
Issue of new shares		**922,658**	–
Share issue expenses		**(52,596)**	–
Dividends paid		**–**	(15,500)
Net cash generated from financing activities		**1,026,538**	263,857
Net increase in cash and cash equivalents		**933,619**	36,412
Cash and cash equivalents, at beginning of the year		**46,137**	10,205
Exchange loss on cash and cash equivalents		**(3,102)**	(480)
Cash and cash equivalents at end of the year		**976,654**	46,137

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands to act as the Listing vehicle. Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the Group's business was carried out by the subsidiaries now comprising the Group. The subsidiaries now comprising the Group were controlled by Mr. Luo Lin (the "Controlling Shareholder") before the Reorganisation.

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the following reorganisation activities were carried out:

(i) In August 2006, Anton Oilfield Services Holdings Limited Company ("Anton Holdings"), a company controlled by the Controlling Shareholder, acquired the entire equity interests in Anton Oilfield Services (Group) Limited ("Anton Oil"), a company then controlled by the Controlling Shareholder, at a consideration of RMB75,630,000. Immediately before the acquisition, Anton Oil was the holding company of other subsidiaries then comprising the Group. Thereafter, Anton Holdings became the holding company of the subsidiaries then comprising the Group.

(ii) On 17 August 2007, Pure Energy Investments Limited, a wholly owned subsidiary of the Company was set up in Hong Kong.

(iii) Pursuant to a sale and purchase agreement entered into between the Company and Anton Holdings on 28 September 2007, the Company acquired the entire equity interests in Anton Oil from Anton Holdings, in consideration of which, the Company issued and allotted 999,999 shares to Anton Holdings and credit the one unpaid share in the Company held by Anton Holdings as fully paid (the "First Transfer"). Immediately after completion of the First Transfer, the Company transferred its 100% interest in Anton Oil to Pure Energy Investments Limited ("Pure Energy") in consideration of Pure Energy Investments Limited issued and allotted 99 shares to the Company (the "Second Transfer"). Upon completion of the First Transfer and the Second Transfer, Anton Oil was directly wholly owned by Pure Energy Investments Limited.

The Company listed its Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Main Board") on 14 December 2007.

The Reorganisation represents a business combination involving entities under common control of the Controlling Shareholder. Accordingly, the Reorganisation has been accounted for as a business combination under common control in a manner similar to a uniting of interests. The consolidated financial statements of the Group for the year ended 31 December 2007 including comparative figures, have been prepared on the merger basis as if the Company had been the holding company of those companies comprising the Group throughout the periods presented, or since their respective dates of incorporation/establishment.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standard, amendment to standard and interpretation are mandatory for financial year with annual period beginning on or after 1 January 2007:

IFRS 7, Financial Instruments: Disclosures and a complementary amendment to International Accounting Standard ("IAS") 1, Presentation of Financial statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). IFRS 7 introduces new disclosures relating to financial instruments. This standard introduces certain revised disclosure requirements, including the mandatory disclosures on sensitivity analysis for each type of market risk. It replaces IAS 30, Disclosures in the Financial statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation and is applicable to all entities reporting under IFRS. The amendment to IAS 1 introduces disclosures on the objectives, policies and processes for managing capital. Except for an extension of disclosures, management considered there was no significant impact from adopting IFRS 7 and the amendment to IAS 1 on the financial statements of the Group.

International Financial Reporting Interpretation Committee Interpretation ("IFRIC Interpretation") 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). This interpretation prohibits the impairment losses recognised in a previous interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at subsequent balance sheet dates. Management considered there was no significant impact from adopting IFRIC Interpretation 10 on the financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group conducts its business within one business segment-the business of selling oilfield equipment and providing related services in the PRC. As the products and services provided by the Group are subject to similar business risks, no segment information has been prepared by the Group for the year end 31 December 2006 and 2007. The Group also operates within one geographical segment. Accordingly, no geographical segment data is presented.

Analysis of revenue by category	**Year ended 31 December**	
	2007	2006
	RMB'000	*RMB'000*
Sales of goods	**380,286**	143,053
Sales of services	**113,148**	103,898
	493,434	246,951

4. EXPENSE BY NATURE

Operating profit is arrived at after charging the following:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
(Gain)/Loss on disposal of property, plant and equipment	**(262)**	110
(Reversal)/Provision for impairment of receivables	**(666)**	312
Sales tax and surcharges	**3,162**	3,305
Staff costs		
– Wages, salaries and allowances	**35,970**	12,617
– Housing subsidies	**849**	196
– Contributions to pension plans	**1,641**	560
– Share options granted to employees	**10,756**	–
– Welfare and other expenses	**659**	2,139
Depreciation	**9,926**	5,474
Amortisation of intangible assets and land use rights	**696**	9
Auditors' remuneration	**2,900**	2,911

5. FINANCE COSTS, NET

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Interest income	**4,553**	396
Interest expenses on bank borrowing	**(8,104)**	(1,231)
Exchange loss, net	**(2,867)**	(480)
Bank surcharges and others	**(128)**	(69)
	(6,546)	(1,384)

6. INCOME TAX EXPENSE

The Company was 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 the profits of the PRC established subsidiaries for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable enterprise income tax rate for the subsidiaries of the Group was 33% in 2007, based on the relevant PRC tax laws and regulations, except that certain subsidiaries which are taxed at preferential tax rates. The statutory income tax is assessed on an individual entity basis, based on their results of operations. The commencement dates of tax holiday period of each entity are individually determined.

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Current income tax		
– PRC profit tax	**14,103**	4,953
– Canada taxation	**880**	–
Deferred income tax	**(826)**	–
	14,157	4,953

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. According to the new CIT Law, both domestic and foreign invested enterprise will be subject to a single income tax rate of 25%. The existing tax law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises and Provisional Regulations of the People's Republic of China on Enterprise Income Tax will be abolished simultaneously. The calculation of deferred tax assets and liabilities has taken into consideration of the impact of the new CIT Law.

7. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2007	2006
Profit attributable to equity holders of the Company (RMB'000)	**113,000**	76,651
Weighted average number of ordinary shares in issue (thousands of shares) (Note)	**1,572,894**	1,547,250
Basic earnings per share (RMB per share)	**0.07**	0.05

Note: The weighted average number of shares for the purpose of basic earnings per share has been retrospectively adjusted for the effects of the 1 share issued upon the incorporation of the Company, the 999,999 shares issued during the reorganisation of the Group and the capitalisation issue of 1,546,250,000 ordinary shares, which are deemed, have been in issue throughout the years ended 31 December 2006 and 2007.

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As of 31 December 2007, the only dilutive factor of the Company was the outstanding share options. For the purpose of calculating diluted earnings per share, the Company assumed the outstanding share options under the Pre-IPO Share Option Scheme had been exercised upon the grant dates of the options. Meanwhile, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares from the listing date to 31 December 2007) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December	
	2007	2006
Profit attributable to equity holders of the Company (RMB'000)	**113,000**	76,651
Weighted average number of ordinary shares in issue (thousands of shares)	**1,572,894**	1,547,250
Adjustments for assumed conversion of share options (thousands of shares)	**9,064**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands of shares)	**1,581,958**	1,547,250
Diluted earnings per share (RMB per share)	**0.07**	0.05

8. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Trade receivables, net (a)	**317,541**	174,778
Notes receivables (b)	**1,460**	23,021
	319,001	197,799

Note:

(a) Ageing analysis of gross trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
1 – 6 months	**300,941**	164,962
6 months-1 year	**10,265**	3,656
1 – 2 years	**12,535**	6,283
2 – 3 years	**554**	1,296
Over 3 years	**203**	–
Trade receivables, gross	**324,498**	176,197
Less: Impairment of receivables	**(6,957)**	(1,419)
Trade receivables, net	**317,541**	174,778

As at 31 December 2007, trade receivables amounting to RMB188,079,000 (31 December 2006: RMB97,259,000) were designated for counter-guarantee to a third party for its guarantee to the Group's bank borrowings.

(b) Notes receivables are bank acceptance with maturity dates within six months.

9. TRADE PAYABLES

Ageing analysis of trade payables at the respective balance sheet dates is as follows:

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
less than 1 year	**58,562**	25,920
1-2 years	**1,133**	700
2-3 years	**390**	124
Over 3 years	**132**	185
	60,217	26,929

The fair value of trade payables approximated their carrying value due to their short maturity period.

10. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

Reconciliation of profit for the year to net cash inflows/(outflows) generated from/(used in) operations:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Profit for the year	**113,157**	78,497
Adjustments for:		
Property, plant and equipment		
– depreciation charge	**9,926**	5,474
– net (gain)/loss on disposals	**(262)**	110
Amortisation of land use rights and intangible assets	**696**	9
(Reversal)/provision for impairment of receivables	**(666)**	312
Charge of share option scheme	**10,756**	–
Share of profit of a jointly controlled entity	**(489)**	–
Net foreign exchange loss	**2,867**	480
Interest income	**(4,553)**	(396)
Interest expenses on bank borrowing	**8,104**	1,231
Income tax expense	**14,157**	4,953
Changes in working capital:		
Inventories	**(56,012)**	(41,407)
Trade and notes receivables	**(59,042)**	(118,803)
Prepayments and other receivables	**4,475**	1,506
Trade payables	**(2,853)**	5,959
Accruals and other payables	**(8,416)**	(30,723)
Net cash inflows/(outflows) from operations	**31,845**	(92,798)

11. ACQUISITION OF SUBSIDIARIES

On 5 November 2007, the Group acquired 100% interest in Beijing Hinen-Hitech Petroleum Technology Development Co. Ltd. ("Hinen-Hitech") and Beijing Huarme Petroleum Technology Co. Ltd. ("Huarme") from independent third parties via one Share Purchase Agreement. The consideration of this package deal is RMB150,000,000. The Group managed the two entities as one business.

Details of net assets acquired, goodwill and related cash flow arising from the acquisition are as follows:

	RMB'000
Purchase consideration	
– Cash paid	24,000
– Credited to other payables	88,500
– Credited to other long-term payables	37,500
	150,000
Fair value of net assets acquired	73,114
Goodwill	76,886

	Acquiree's carrying amount	**Fair Value**
	RMB'000	*RMB'000*
Property, plant and equipment	4,637	5,596
Intangible assets	-	20,203
Deferred tax assets	2,130	2,130
Inventories	14,961	14,961
Trade and notes receivables	61,494	61,494
Prepayments and other receivables	11,171	11,171
Cash and cash equivalents	13,227	13,227
Trade payables	(32,985)	(32,985)
Accruals and other payables	(13,955)	(13,955)
Long-term borrowings	(1,500)	(1,500)
Deferred tax liabilities	–	(5,149)
Minority Interests	(2,065)	(2,079)
Net assets attribute to the equity holders of the Acquirees	57,115	73,114
Net assets acquired (100%)		73,114
Purchase consideration settled in cash		(24,000)
Cash and cash equivalents in subsidiary acquired		13,227
Cash outflow on acquisition		(10,773)

The acquired business contributed revenue of RMB36,657,000 and net profit of RMB13,268,000 to the Group for the period from 5 November 2007 to 31 December 2007. If the acquisition had occurred on 1 January 2007, the enquired business contribution to the Group's consolidated revenue would have been RMB123,879,000 and to the net consolidated profit attributable to equity holders of the Company would have been RMB32,864,000 for the year ended 31 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue in 2007 amounted to RMB493.4 million, representing an increase of RMB246.4 million or 99.8% compared to 2006. The substantial increase in our revenue was mainly attributable to the rapid growth of revenue in well services and drilling services.

Costs of materials

The costs of materials increased from approximately RMB 99.3 million to RMB 240.7 million, representing an increase of 142.6%. The increase was mainly due to the change of overall revenue mix and the increase of material costs surpassed the increase of sales of the drilling services business.

Staff costs

Staff costs amounted to approximately RMB 49.9 million, representing an increase of RMB 34.4 million or 221.5% from RMB 15.5 million in 2006. This was mainly due to the increase in the total number of the Company's staff. Meanwhile, the increase in the proportion of senior technical professionals and managerial staff and amortisation of options awarded during the year also led to the increase in staff costs.

Operating lease expense

Operating lease expense was approximately RMB 9.7 million, representing an increase of RMB 2.3 million from 2006. The increase was due to growth of drill pipe leasing services.

Depreciation and amortisation

Depreciation and amortisation amounted to approximately RMB10.6 million, representing an increase of RMB5.1 million or 93.7% from RMB5.5 million in 2006. The increase was mainly attributable to additional machinery and equipments that were added in the casing plant and Huairou manufacturing plant, as well as the increase in amortisation of intangible assets resulted from the acquisition of Hinen-Hitech.

Other operating costs

Other operating costs arrived at RMB 50.0 million, representing an increase of RMB 13.5 million or 37.1% compared to RMB 36.5 million in 2006. The increase was mainly attributable to the overall expansion of the Group's businesses.

Operating profit

As a result of the foregoing, the operating profit in 2007 arrived at approximately RMB133.4 million, representing an increase of approximately RMB48.6 million, or 57.2%, compared to RMB 84.8 million in 2006. The operating profit margin was 27.0% in 2007, representing a decrease of 7.4 percentage points from 34.4% in 2006. The fall in operating profit margin was mainly due to (1)a change of the Group's revenue mix; (2) rise in material costs for drilling services and (3) the increase of staff costs.

Finance costs, net

Net finance costs were approximately RMB6.5 million, increased by approximately RMB5.1 million compared to RMB1.4 million in 2006, mainly because of the increase in interest expenses on short-term loans of the Group and foreign exchange on bank deposits loss resulting from the appreciation of the RMB.

Income tax expense

Income tax expense amounted to RMB14.2 million, representing an increase of approximately RMB 9.3 million from 2006, mainly because of the increase in the Group's taxable profit in 2007 and the impact from the increase of income tax expenses at Xinjiang Tong'ao, of which the income tax holiday has ended.

Profit for the year

As a result of the foregoing, the Group's profit for 2007 was approximately RMB113.2 million, representing an increase of approximately RMB34.7 million or 44.2% over 2006.

Profit attributable to equity holders

The Group's profit attributable to equity holders amounted to approximately RMB113.0 million, representing an increase of RMB 36.3 million or 47.4 % over 2006.

Trade receivables

As of 31 December 2007, the Group's net trade receivables were approximately RMB 317.5 million, representing an increase of RMB142.8 million compared to the end of 2006, mainly because of an increase in turnover. The average trade receivables turnover days was 182 days, comparing with 187 days in 2006.

The Group set up a special committee with the Chief Executive Officer as chairman in the second half of 2007, with emphasis on improving our working capital management, especially the collection of account receivables. We set specific receivables collection target for each sales region, which is a key performance benchmark for the regional managers. These measures achieved initial success in 2007, and arrested the rising trend of average account receivables days in recent years. In 2007, the Group collected RMB410.6 million, representing an increase of RMB170.9 million or 140.3 % from 2006.

Capital expenditure and investment

The Group's capital expenditure for 2007 was approximately RMB141.2 million.

The Group acquired Hinen-Hitech and Huarme for a total consideration of RMB 150 million, of which RMB24.0 million has been paid in 2007. The Group also contributed RMB 33.6 million to set up a joint venture with Inner Mongolia Northern Heavy Industry Group Co. Ltd on 30 October 2007. The Group also invested RMB 27.6 million for the construction of the production base in Huairou, Beijing and RMB 12.2 million for construction of the production base of Anton Tong'ao.

BUSINESS REVIEW

The Group is one of the leading privately owned oilfield services providers in China. Our four business divisions – well services, drilling services, production services and field services, provide products and services covering the entire life cycle of oil and gas field development, including drilling, well completion and production.

In 2007, the Group maintained its strong growth momentum seen in recent years. Revenue reached RMB493.4 million, representing an increase of 99.8% compared to RMB247.0 million of 2006. Net profit after tax attributable to equity holders of the Company for the year amounted to RMB113.0 million, increased by 47.4% from 2006.

Well services

The Group accelerated the development of well services business in the second half of 2006, and successively launched a series of technical services targeted at the high end market such as well completion and sand control, downhole tools and cementing. The division achieved a breakthrough in 2007, with turnover jumping 1084.4% to RMB 208.4 million from RMB 17.6 million in 2006. The division's contribution to the Group's total turnover also increased to 42.2% in 2007 from 7.1% in 2006.

In 2006, the Group launched its patented sand control screen product, which was since well received in many markets, such as Jidong, Karamay, Shengli, Huabei and Jilin oilfields. In November 2007, the Group completed the acquisition of the entire equity interest in Hinen-Hitech and Huarme. The acquisition solidified our leading position in China sand control market. Sand screen sales for the year reached 49,245 meters, an increase of 142.6 times over 2006. At the end of 2007, our production capacity of sand control screen pipe was approximately 200,000 meters per year.

The Group introduced fracturing and acidization services at the end of 2006, targeting the high end markets where complex geographical conditions demand more sophisticated technologies. Such services won high regards from clients in markets such as Sichuan and Jidong oilfields. A total of 46 fracturing and acidization operations were completed during the year.

The Group started to provide cementing services in 2007 and completed operations for two wells in Sichuan. Meanwhile, other new services such as downhole tools, drilling fluid and micro glass buble were also well received by our customers and their contributions to the Group's total turnover are steadily rising.

Drilling services

The Group's drilling services division provides various drilling equipment and tools, such as drill pipes, heavy-weight drill pipes, drill collars, well casing and tubing, as well as related services such as testing and welding. In 2007, revenue from drilling services amounted to approximately RMB 157.6 million, representing an increase of RMB 42.1 million or 36.4% compared to approximately RMB 115.5 million in 2006.

In October 2007, the Group set up a joint venture, Northern Heavy Anton Machinery Manufacturing Co. Ltd. (北重安東機械製造有限公司) with Inner Mongolia Northern Heavy Industry Group Co. Ltd., which helps strengthen our control on production capacity of drill collars and heavy-weight drill pipes, and ensure sufficient supply. At the end of 2007, the joint venture had a production capacity of approximately 6,000 drill collars and heavy-weight drill pipes. The Group's well casing plant in Xinjiang commenced production in October 2006, leading to a substantial increase in revenue from casing in 2007.

The Group has the largest professional testing and welding services team in China and further fortified its market position in 2007 and expanded service areas to regions including Liaohe and Jidong oilfields. We tested over 300,000 different equipments during the year.

Sales volume of main products-drilling services:

	Unit	**2006**	**2007**
Drill pipe	tonne	1,168	1,040
Heavy-weight drill pipe	piece	0	1,978
Well casing	tonne	502	1,600

Production services

The Group manufactures and sells production equipment such as polished rods, couplings and downhole pump, which feature higher anti-corrosion, anti-attrition performances, thanks to our patented special materials and coating technology. These products have longer life span when applied in highly corrosive and attritional wells, thus help our clients achieving costs savings. During the year, production services division designed 4 new models of downhole pumps upon clients' request, and successfully developed pressure-adjusting water pump (注水井調壓泵). The new products are well received by our customers during preliminary trial uses. In 2007, revenue from production services amounted to approximately RMB49.4 million, representing an increase of RMB2.7 million or 5.8% compared to approximately RMB46.7 million in 2006.

Sales volume of key products-production services:

	Unit	2006	2007
Polished rod	piece	3,697	9,228
Coupling	piece	139,480	95,568
Pump	unit	460	511

Field services

The Group's field services consist of a comprehensive range of on-site services offered to large oil and gas producing areas, during exploration and production process of oil or gas field. Our primary services include the drill pipe leasing, coating, machinical maintenance and ground construction. During the reporting period, field services revenue grew steadily to RMB 78.0 million, representing an increase of RMB10.9 million or 16.3%, compared to approximately RMB67.1 million in 2006. We established the second service base in Shaanxi during the year. Our long term goal is to set up service bases in more oilfields, expand services coverage to drive the growth of this business.

Outlook

We believe that China's economy will continue to grow at a relatively high speed in 2008, which will drive further energy demand. Increasing oil and gas output will remain one of the key challenges faced by the Chinese oil companies in the foreseeable future. We believe that investment in oil and gas exploration and production in China will maintain its strong growth trend of the recent years and macro industry environment is favorable for the Group's development.

We will continue with exploring and seizing opportunities that may present in the rapidly expanding oilfield service industry in China, and will constantly launch new services and products, and expand our service coverage to increase our market share. Through strengthening our R&D efforts and further co-operations with international oilfield service companies, we will continuously improve our technical standard, so as to provide first-class services to our customers. Meanwhile, we will also actively seek opportunities for acquisitions to provide an additional engine to drive and sustain the rapid growth of the Group.

FINAL DIVIDENDS

At a meeting held on 28 March 2008, the Board did not recommend the payment of any dividend in respect of the year ended 31 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 22 May 2008 to Tuesday, 27 May 2008, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the above meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 21 May 2008.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") since the listing of the shares of the Company on the Stock Exchange on 14 December 2007 except for the following deviation:

Code provision A.2.1 of the Code of Practices stipulates that the roles of chairman and Chief Executive Officer must be separated, and must not be assumed by one person. The Company does not separate the Chairman's and Chief Executive Officer's duties. Mr Luo Lin served as both Chairman and Chief Executive Officer during the reporting period. Mr Luo Lin was the main founder of the Group, he was responsible for our operational management since our establishment, and has led the Group's expansion. Mr Luo Lin possesses rich petroleum industry experience and excellent operational management ability. The Board of Directors is of the view that continuing to have Mr Luo Lin to serve as Chief Executive Officer of the Company will safeguard the continuity of our operational management and can protect shareholders' interest.

DIRECTORS' SECURITIES TRANSACTIONS

The Directors of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as the code of practice for carrying out securities transactions by the Company's directors. After specific enquiry with all members of the Board, the Company confirms that all directors have fully complied with the relevant standards stipulated in the above-mentioned rules during the reporting period.

PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES

For the year ended 31 December 2007, neither the Company nor any of its subsidiaries has purchased, sold or repurchased any of the Company's listed securities.

AUDIT COMMITTEE

Pursuant to the requirements of the Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all three existing 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 consolidated financial statements for the year ended 31 December 2007.

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

Hong Kong, 28 March 2008

As at the date of this announcement, the directors of the Company are Mr. Luo Lin, Mr. Ma Jian, Mr. Pan Weiguo, Mr. Zhang Yongyi, Mr. Zhu Xiaoping* and Mr. Wang Mingcai*.*

** Independent non-executive director*