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ANTON 安東

安東油田服務集團
Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

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Reference is made to the announcement of the company dated 24 April 2013 in respect of the 2013 mutual supply and purchase Master Agreement. As the 2013 Master Agreement will be expiring on 31 December 2015, the Company and Schlumberger entered into the 2015 Master Agreement on 23 December 2015 to renew the 2013 Master Agreement. The 2015 Master Agreement has a fixed term of three years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

LISTING RULES IMPLICATIONS

Schlumberger is a substantial shareholder of the Company interested in approximately 19.06% of the issued share capital of the Company as at the date of this announcement. Accordingly, Schlumberger is a connected person of the Company for the purpose of the Listing Rules and the entering into of the 2015 Master Agreement between the Company and Schlumberger constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but are all less than 5%, the entering of the 2015 Master Agreement and the transactions contemplated thereunder is subject to the reporting and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE 2015 MASTER AGREEMENT

Date:	23 December 2015
Parties:	The Company; and Schlumberger
Subject:	Pursuant to the 2015 Master Agreement, the Group will supply the Products and Services to the Schlumberger Group and Schlumberger will supply and will procure its Affiliates to supply the Products and Services to the Group.
Term:	The 2015 Master Agreement has a fixed term of three financial years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).
Pricing basis and payment terms:	<p>Pursuant to the 2015 Master Agreement, the pricing and payment terms of the Products and Services will be negotiated on an arm's length basis between the parties and the pricing will be determined based on normal commercial terms with reference to the prevailing market prices of similar products and services that are fair and reasonable. Payment for the Products and Services supplied by the Group and Schlumberger or Affiliates will be settled on a project basis, provided that the terms of transactions are no less favorable than the terms provided to independent third party(ies).</p> <p>The Group will seek to obtain market price information through various channels. It will normally consider at least two comparable transactions with independent third parties during the same period, keep regular contacts with and from time to time obtain price quotations through enquiries from established suppliers of similar scale, conduct market price research through various independent industry information vendors such as industry websites, and participate in activities and meetings organized by industry organizations.</p>

Annual Caps: The parties have agreed that the annual transaction amount under the 2015 Master Agreement will not exceed the following annual caps:

	For the year ended 31 December 2016 <i>US\$'000</i>	For the year ended 31 December 2017 <i>US\$'000</i>	For the year ended 31 December 2018 <i>US\$'000</i>
Supply of Products and Services by the Group to Schlumberger or Affiliates	7,000	7,000	7,000
Supply of Products and Services by Schlumberger or Affiliates to the Group	7,000	7,000	7,000

The cap amounts for the procurement from the Schlumberger Group by the Group are determined with reference to the historical transactional amount and the projected demand for Products and Services as the Group grows its business.

The Company and the Schlumberger Group had business transactions in previous years. The historical transactional amounts between the Group and the Schlumberger Group are as follows:

	For the year ended 31 December 2013 US\$'000	For the year ended 31 December 2014 US\$'000	For the eleven months ended 30 November 2015 US\$'000
<i>Supply of Products and Services by the Group to Schlumberger or Affiliates</i>			
Annual caps under the 2013 Master Agreement	80,000	100,000	120,000 ⁽¹⁾
Actual transaction amount	1,092	7,681	158
<i>Supply of Products and Services by Schlumberger or Affiliates to the Group</i>			
Annual caps under the 2013 Master Agreement	80,000	100,000	120,000 ⁽¹⁾
Actual transaction amount	33,377	30,357	7,707

As at the date of this announcement, the annual caps under the 2013 Master Agreement for the three financial years ending 31 December 2015 have not been exceeded.

Note:

1. This is the annual cap for the year ended 31 December 2015 under the 2013 Master Agreement.

Condition Precedent

The 2015 Master Agreement is conditional upon the Company having complied with its obligations under the Listing Rules with respect to the execution of the 2015 Master Agreement.

If the condition precedent to the 2015 Master Agreement is not satisfied by 23 December 2015 or such other date as the parties thereto may otherwise agree in writing, the 2015 Master Agreement will be forthwith terminated.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the finance department of the Group and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel from the finance department of the Group and management of the Group will conduct regular checks on a monthly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy. The independent non-executive Directors would continue to review the transactions contemplated under the relevant continuing connected transaction and its auditors would also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the relevant continuing connected transaction have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR THE TRANSACTION

The Schlumberger Group is a leading global oilfield services provider. Through purchasing Products and Services from the Schlumberger Group, the Group can introduce the technologies and global experience of the Schlumberger Group to assist customers in the PRC in developing oil and gas resources in a more efficient way. Through selling Products and Services to the Schlumberger Group, the Group can apply its Products and Services more extensively in the Chinese and global markets to help customers reduce their costs in the use of technology.

The Group is a leading independent oilfield services provider in the PRC. Through purchasing Products and Services from the Group, the Schlumberger Group can leverage on the Group's local experience, supply chain network and cost advantages in the PRC to help customers reduce their costs in the use of technology. Through selling Products and Services to the Group, the Schlumberger Group can apply its technologies and global experience more extensively in the Chinese market to assist customers in the PRC in developing oil and gas resources in a more efficient way.

In view of the above and that the transactions will be carried out in the ordinary course of business of each party, the parties consider that it will be beneficial to enter into the 2015 Master Agreement to govern the continuing connected transactions.

Given that the 2015 Master Agreement is entered into in the usual and ordinary course of business of the Group and the transactions under the 2015 Master Agreement will be conducted on an arm's length basis and on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the terms of the 2015 Master Agreement are fair and reasonable and the entering into of the 2015 Master Agreement is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Schlumberger is a substantial shareholder of the Company interested in approximately 19.06% of the issued share capital of the Company as at the date of this announcement. Accordingly, Schlumberger is a connected person of the Company for the purpose of the Listing Rules and the entering into of the 2015 Master Agreement between the Company and Schlumberger constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but are all less than 5%, the entering of the 2015 Master Agreement and the transactions contemplated thereunder is subject to the reporting and announcement requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the 2015 Master Agreement.

INFORMATION OF THE GROUP

The Group is a leading independent oilfield services supplier in China, with services and products covering whole process of oil and gas development, including reservoir management, drilling, well completion, downhole operation, production and tubular services.

INFORMATION OF SCHLUMBERGER

Schlumberger is the world's leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide.

DEFINITIONS

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

“2013 Master Agreement”	the master mutual supply and purchase agreement dated 24 April 2013 between the Company and Schlumberger;
“2015 Master Agreement”	the master mutual supply and purchase agreement dated 23 December 2015 between the Company and Schlumberger;
“Affiliates”	all companies from time to time directly or indirectly owned or controlled by Schlumberger Limited, where “control” means the holding of 30% or more of the shares, stock or voting rights of such company;
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors;
“Company”	Anton Oilfield Services Group, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the same meaning as given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Independent Shareholders”	shareholders of the Company other than Schlumberger and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People's Republic of China;

“Products”	relevant products required for the provision of oilfield services;
“Schlumberger”	Schlumberger Far East Inc., a company established in the British Virgin Islands, a substantial shareholder interested in approximately 19.06% of the issued share capital of the Company;
“Schlumberger Group”	Schlumberger and the Associates;
“Services”	relevant labor and technical services required for the provision of oilfield services;
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 23 December 2015

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