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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)

DISCLOSEABLE TRANSACTION COOPERATION AGREEMENT

The Board is pleased to announce a strategic cooperation with Chengdu Xiangcheng Investment Group Co., Limited (成都香城投資集團有限公司, “**Chengdu Xiangtong Group**”), the largest state-owned investment group in Xindu District, Chengdu, which will, through a subsidiary, make an investment of US\$10,690,940 (based on the exchange rate of US\$1.00≈RMB6.55 as at the date of announcement, equivalent to approximately RMB70.0 million) towards Anton Financial Leasing (Tianjin) Co., Ltd. (安東融資租賃(天津)有限公司, “**Anton Leasing**”), a wholly-owned subsidiary of the Company, and becoming a strategic investor of the Company in the financial leasing business.

THE TRANSACTION

On 21 December 2020, two wholly-owned subsidiaries of the Company, Anton Oilfield Services Company Limited (安東油田服務有限公司, “**Anton Oilfield Services**”) and Tianjin Anton Import and Export Trading Co., Ltd. (天津安東進出口貿易有限公司, “**Tianjin Anton**”), entered into an agreement with Chengdu Xiangrong Venture Capital Co., Ltd (成都市香融創業投資有限公司, “**Chengdu Xiangrong**”), a wholly-owned subsidiary of Chengdu Xiangtong Group, for the establishment of a Joint Venture Company for the purpose of acquiring the entire equity interests in Anton Leasing from the Group. Upon completion of the Transaction, the Group and Chengdu Xiangtong Group will effectively hold 74.1% and 25.9% of the interests of Anton Leasing, respectively.

All parties have indicated that they will endeavor to support the development of Anton Leasing in the future by providing support in terms of strategy, marketing, business development, financing and expertise, so that the business of Anton Leasing could grow stronger and larger in the local area and contribute to the local economy.

SIGNIFICANCE OF THE TRANSACTION

The initial consideration of the Group in establishing Anton Leasing was to construct a unique financial leasing platform in the industry to consolidate all equipment and tools resources of the Company and further integrate the resources of the oilfield services industry. On the basis of such platform, it can, on one hand, meet the Group's needs for the acquisition of tools and equipment, and obtaining favorable financing terms through the pooling of resources, and on the other hand, assist the business partners of the Group in bridging equipment resources and financial resources, provide support for the Group's platform-based development strategy to meet customers' all-round needs.

As Sichuan Province has formulated a strategic plan to develop itself into China's "Daqing of Natural Gas" and is vigorously developing natural gas resources, including tight gas and shale gas, it is expected that there will be strong demand for oilfield services in the future. The Group hopes to seize this great opportunity to provide customers with a full range of products and services by leveraging on the Group's strong marketing capabilities and equipment resources and financial resources through financial leasing, thereby boosting the development of the Group's various business segments in the region.

Since Xindu District is building an "oil and gas technology town", which will lead to a formation of a cluster of oil and technology enterprises in the area, the Group has decided to set up the headquarters of its newly developed leasing business in Xindu District, Chengdu. The introduction of the largest and strongest state-owned investment group in Xindu District as a strategic investor in the financial leasing business segment will not only provide the Group with strong local support, but also strengthen the Group's influence in the local market, which enable the Group to seize the opportunity in the development of the "Daqing of Natural Gas" and is conducive to the Group's business development.

The Group has formulated a strategy for the development of a "brand new Anton" and is committed to building an open shareholding and governance structure, creating an ecological business platform, and bringing in various partners to develop together on the Anton business platform through various means such as asset securitization and strategic cooperation. At the same time, through cooperation with local partners, the Group will integrate into and contribute to local communities to achieve efficient and sustainable development of people and the environment. The Transaction is a successful demonstration of the Group's "brand new Anton" development philosophy, and the Group will further open up cooperation to achieve ecological development with the goal of becoming a leading global oilfield service company.

IMPLICATIONS UNDER THE LISTING RULES

The establishment of the Joint Venture Company and the ensuing acquisition of the entire equity interests in Anton Leasing constitutes a deemed disposal by the Company of its interests in Anton Leasing under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE TRANSACTION

On 21 December 2020, Anton Oilfield Services and Tianjin Anton entered into the Agreement with Chengdu Xiangrong. The principal terms of the Agreement are summarized below:

Subject matter

Anton Oilfield Services, Tianjin Anton and Chengdu Xiangrong agreed to establish the Joint Venture Company for the purpose of acquiring the entire equity interests in Anton Leasing from the Group.

Registered capital

The registered capital of the Joint Venture Company will be US\$41,236,484.00 and will be contributed by the parties as follows:

Shareholder	Amount of capital to be contributed (US\$)	Percentage holding in the Joint Venture Company
Anton Oilfield Services	9,000,000.00	21.8%
Tianjin Anton	21,545,544.00	52.3%
Chengdu Xiangrong	10,690,940.00	25.9%
Total	41,236,484.00	100.0%

The registered capital of the Joint Venture Company was determined by the parties through arm's length negotiations with reference to capital required for the acquisition of Anton Leasing. The parties will complete contributing their respective capital to the Joint Venture Company after receiving the certificate of incorporation of the Joint Venture Company or by 31 December 2020, whichever is later.

Management of the Joint Venture Company

The board of directors of the Joint Venture Company will comprise of three directors, two of whom will be nominated by the Group, with the remaining director to be nominated by Chengdu Xiangrong. The chairman of the board of the Joint Venture Company will be selected from among the two directors nominated by the Group.

Acquisition of Anton Leasing

The parties will obtain their respective internal approvals for the acquisition of the entire equity interests in Anton Leasing within 60 days from the establishment of the Joint Venture Company and complete the acquisition of Anton Leasing before 15 March 2021. The consideration for the acquisition will be determined through an independent valuation on the assets value of Anton Leasing.

INFORMATION ON ANTON LEASING

Anton Leasing is a limited liability company established in the PRC and is principally engaged in the provision of finance leases for equipment and assets such as drilling tools and rigs to other subsidiaries within the Group. Anton Leasing is currently a wholly-owned subsidiary of the Group and its revenue and profit were derived from transactions between related companies within the Group.

The financial results of Anton Leasing for the two years ended 31 December 2018 and 2019, and the ten months ended 31 October 2020 are as follows:

	For the 12 months ended 31 December		For the ten months ended 31 October
	2018	2019	2020
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/loss before tax	-988.7	7.3	-74.9
Net profit/loss after tax	-988.7	7.3	-74.9

The book value of the net assets of Anton Leasing as of 31 October 2020 was RMB203,759,700. After the establishment of the Joint Venture Company, Anton Leasing will be acquired by the Joint Venture Company based on the appraised value of the net assets of Anton Leasing. As the acquisition will only occur after the establishment of the Joint Venture Company, the Company is not in a position to estimate the gain (if any) on the deemed disposal of the 25.9% interests in Anton Leasing as at the date of this announcement. The Company will disclose such information in its annual report.

Upon completion of the Transaction, both the Joint Venture Company and Anton Leasing will be accounted as subsidiaries of the Company.

The Directors (including the independent non-executive Directors) considers that the Transaction was entered under on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of integrated oil and gas field development technical services.

Anton Oilfield Services

Anton Oilfield Services is a wholly-owned subsidiary of the Company established in Hong Kong and is principally engaged in the business of investment holding.

Tianjin Anton

Tianjin Anton is a wholly-owned subsidiary of the Company established in the PRC and is principally engaged in the business of import and export of oil equipment and tools.

Anton Leasing

Anton Leasing is a wholly-owned subsidiary of the Company established in the PRC and is principally engaged in the business of rental of oilfield service equipment and tools.

Chengdu Xiangtou Group

Chengdu Xiangtou Group is a company established in the PRC with a registered capital of RMB5.0 billion and asset under management of around RMB110.0 billion. It is the only solely state-owned enterprise in Xindu district, and is principally engaged in capital operation, foreign investment, project bidding, project investment consulting; land consolidation and development in the region; investment and financing, construction and management of municipal infrastructure and environmental management; urban development and operation; property management; investment in agriculture, education, culture, medicine, sports and other projects; urban bus transportation; passenger station operation and management; human resources and other businesses. Chengdu Xiangtou Group is a state-owned enterprise under the administration of 成都市新都區國有資產監督管理和金融工作局 (State-owned Assets Supervision and Administration and Financial Bureau of Xindu District, Chengdu).

Chengdu Xiangrong

Chengdu Xiangrong is a limited liability company established in the PRC and is principally involved in the investment and management of major infrastructure construction, industries, and major projects in the Xindu District of Chengdu, asset management and venture capital services. Chengdu Xiangrong is beneficially wholly owned by Chengdu Xiangtou Group.

To the best knowledge of the Directors, having made reasonable enquiry, each of Chengdu Xiangtou Group, Chengdu Xiangrong and their ultimate beneficial shareholders is independent of and not connected with the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

The establishment of the Joint Venture Company and the ensuing acquisition of the entire equity interests in Anton Leasing constitutes a disposal by the Company of its interests in Anton Leasing under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Transaction is subject to completion. Shareholders and 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:

“Agreement”	the agreement dated 21 December 2020 between Anton Oilfield Services, Tianjin Anton and Chengdu Xiangrong;
“Board”	the board of directors of the Company;
“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 (stock code: 3337);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Venture Company”	the joint venture company to be established by Anton Oilfield Services, Tianjin Anton and Chengdu Xiangrong in accordance with the terms of the Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the establishment of the Joint Venture Company by Anton Oilfield Services, Tianjin Anton and Chengdu Xiangrong and the ensuing acquisition of the entire equity interests in Anton Leasing by the Joint Venture Company;

“US\$” United States dollar, the lawful currency of the United States of America; and

“%” per cent.

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

Hong Kong, 21 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. LUO Lin, Mr. PI Zhifeng and Mr. FAN Yonghong; the independent non-executive directors of the Company are Mr. ZHANG Yongyi, Mr. ZHU Xiaoping, and Mr. WEE Yiau Hin.