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PETRO-KING OILFIELD SERVICES LIMITED

百勤油田服務有限公司

 $(Incorporated\ in\ the\ British\ Virgin\ Islands\ with\ limited\ liability)$

(Stock Code: 2178)

(I) INSIDE INFORMATION IN RELATION TO THE CONVERTIBLE BONDS; (II) DELAY IN PUBLICATION OF 2017 ANNUAL RESULTS; (III) PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS; (IV) RESIGNATION OF NON-EXECUTIVE DIRECTOR; (V) POSTPONEMENT OF BOARD MEETING; AND (VI) SUSPENSION OF TRADING OF SHARES

This announcement is made by Petro-king Oilfield Services Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

(I) INSIDE INFORMATION IN RELATION TO THE CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 12 March 2015 and 30 March 2015 in relation to the issuance of the convertible bonds of the Company in the aggregate principal amount of HK\$157,000,000 (the "Convertible Bonds") on 30 March 2015.

The board (the "Board") of directors (the "Directors") of the Company wishes to inform the shareholders of the Company (the "Shareholders") that the Convertible Bonds have matured on 29 March 2018 (the "Maturity Date") and the Company shall repay the total outstanding principal amount of the Convertible Bonds together with all interest accrued thereon on the Maturity Date pursuant to the terms and conditions of the Convertible Bonds (the "Terms and Conditions"). As at the Maturity Date, the total outstanding principal amount of the Convertible Bonds of HK\$157,000,000 remains unpaid (the "Outstanding Amount"), whereas all accrued interest of the Convertible Bonds have been repaid.

In light of the above, the Company has obtained written consents from (i) the relevant holders of the Convertible Bonds (the "Bondholders") holding an aggregate outstanding principal amount of HK\$47,000,000 of the Convertible Bonds to convert the relevant Outstanding Amount into a term loan facility (the "Bondholder Loan") which will be due on 28 September 2019, bearing interest at 10% per annum, and (ii) the relevant Bondholders holding an aggregate outstanding principal amount of HK\$110,000,000 of the Convertible Bonds to defer the due date for payment of the relevant Outstanding Amount to 13 April 2018.

In order for the Company to meet its financial obligations under the Convertible Bonds, the Company has entered into a loan agreement with a lender (the "Lender") on 6 March 2018 for a two-year loan facility of HK\$180,000,000, which bears interest at 5.5% per annum, for the redemption of the Convertible Bonds and general working capital of the Group. On 28 March 2018, the Lender has confirmed in writing that the loan facility of HK\$180,000,000 is to be drawn down on or before 13 April 2018.

The Lender is a wholly-owned subsidiary of a large scale Chinese enterprise engaging in oil and gas trading, logistics and distribution and supply services in China. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Lender and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons. Apart from the above financing arrangements, the Company may consider to enter into further business cooperation with the Lender.

(II) DELAY IN PUBLICATION OF 2017 ANNUAL RESULTS

Reference is made to announcements of the Company dated 13 March 2018 and 19 March 2018 in relation to the meeting of the Board originally scheduled to be held on 23 March 2018 (postponed to 29 March 2018) for the purpose of, among other matters, approving the announcement of annual results of the Company for the year ended 31 December 2017 (the "2017 Annual Results").

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish the announcement for the 2017 Annual Results on a date not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2018.

The Board announces there is a delay in the release of the 2017 Annual Results as additional time is required to finalise the 2017 Annual Results as a result of the deferred payment of the relevant Outstanding Amount as mentioned above.

(III) PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditors (so far as the information is available).

In order to keep the Shareholders and potential investors of the Company informed of the Group's business operation and financial position, the Board would like to provide the Shareholders and potential investors of the Company with the preliminary unaudited financial information of the Group for the year ended 31 December 2017 together with the audited comparative figures for the same period in 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2017	2016
	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	501,271	605,608
Intangible assets	306,634	304,435
Land use rights	10,452	9,926
Available-for-sale financial asset	5,184	7,421
Other receivables, deposits and prepayments	39,230	44,975
Deferred tax assets	3,724	7,634
	866,495	979,999
Current assets		
Inventories	121,000	170,816
Trade receivables	407,331	401,750
Other receivables, deposits and prepayments	111,849	86,801
Pledged bank deposits	8,457	4,234
Restricted bank balance	_	5,581
Cash and cash equivalents	24,708	44,927
	673,345	714,109
Assets classified as held for sale		29,400
	673,345	743,509
Total assets	1,539,840	1,723,508
EQUITY AND LIABILITIES Equity		
Share capital	2,001,073	2,001,073
Other reserves	83,308	15,061
Accumulated losses	(962,556)	(782,294)
	1,121,825	1,233,840
Non-controlling interests	1,960	2,840
Total equity	1,123,785	1,236,680

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 31 December	
	2017	2016
	HK\$'000	HK\$'000
LIABILITIES		
Non-current liabilities		
Bank and other borrowings	47,305	178,030
Deferred tax liabilities	1,025	6,360
	48,330	184,390
Current liabilities		
Trade payables	119,578	174,210
Other payables and accruals	83,746	109,378
Current income tax liabilities	_	2,217
Bank and other borrowings	164,401	16,633
	367,725	302,438
Total liabilities	416,055	486,828
Total equity and liabilities	1,539,840	1,723,508

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
Revenue	287,848	392,442
Other income	2,012	1,912
Operating costs		
Material costs	(128,740)	(165,592)
Depreciation of property, plant and equipment	(80,778)	(93,721)
Amortisation of intangible assets and land use rights	(1,662)	(1,768)
Operating lease rental	(6,849)	(10,357)
Employee benefit expenses	(105,058)	(112,106)
Distribution expenses	(5,118)	(13,008)
Technical service fees	(13,209)	(24,674)
Research and development expenses	(15,396)	(12,066)
Entertainment and marketing expenses	(7,790)	(12,391)
Provision for impairment of	, ,	, , ,
trade receivables, net	(3,072)	(16,077)
Other expenses	(56,152)	(76,396)
Impairment loss of goodwill	· , , , ,	(213,859)
Impairment loss of an available-for-sale		
financial asset	_	(28,868)
Foreign exchange losses	(3,826)	(14,896)
Other losses, net	(542)	(15,457)
Operating loss	(138,332)	(416,882)
Finance income	82	486
Finance costs	(44,593)	(24,555)
	(44 511)	(24.0(0)
Finance costs, net	(44,511)	(24,069)
Share of loss of a joint venture		(241)
Loss before income tax	(182,843)	(441,192)
Income tax credit/(expense)	1,701	(4,155)
Loss for the year	(181,142)	(445,347)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Year ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Other comprehensive income/(loss)		
Items that have been or may be subsequently reclassified to profit or loss:		
Change in fair value of an available-for-sale financial asset	(2,237)	(25,065)
Reclassification of revaluation reserve of an available-for-sale financial asset	-	28,868
Exchange differences on translation of foreign operations	58,946	(34,581)
Other comprehensive income/(loss) for the year, net of tax	56,709	(30,778)
Total comprehensive loss for the year	(124,433)	(476,125)
Loss for the year attributable to:		· · · · · · · · · · · · · · · · · · ·
Owners of the Company Non-controlling interests	(180,262) (880)	(443,353) (1,994)
	(181,142)	(445,347)
Total comprehensive loss for the year attributable to:		
Owners of the Company Non-controlling interests	(123,553) (880)	(474,131) (1,994)
	(124,433)	(476,125)
Loss per share attributable to owners of the Company during the year		
Basic loss per share (HK cents)	(10)	(29)
Diluted loss per share (HK cents)	(10)	(29)

Shareholders and potential investors are reminded that the information contained above is only based on the preliminary assessment by the Board on the unaudited management accounts of the Group for the year ended 31 December 2017 and the information currently available for the audit committee of the Company, and is not based on any data or information that has been audited or reviewed by the auditors. The relevant financial information is pending for further review by the Company, its auditors and the audit committee, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that might be proposed by the auditors.

Shareholders and potential investors should exercise caution when considering the unaudited financial information disclosed above.

(IV) RESIGNATION OF NON-EXECUTIVE DIRECTOR

The Board announces that Mr. Ko Po Ming ("Mr. Ko") has resigned as a non-executive Director with effect from the conclusion of the meeting of the Board held on 31 March 2018, as he disagrees with the Company's decision to issue an announcement in accordance with Rule 13.49(3) of the Listing Rules and he is of the view that the results should be published with the auditors' disclaimer of opinion.

Save for the reasons mentioned above, Mr. Ko confirmed that there is no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Stock Exchange and the Shareholders.

The Board would like to take this opportunity to express its appreciation for the contribution of Mr. Ko to the Company during his term of service.

(V) POSTPONEMENT OF BOARD MEETING

The Company expects that the publication of the 2017 Annual Results will be delayed to around mid-April 2018 (subject to completion of audit procedures in respect of the 2017 Annual Results). Accordingly, the meeting of the Board to approve the 2017 Annual Results will be further postponed to 18 April 2018.

(VI) SUSPENSION OF TRADING OF SHARES

As a result of the delay in publication of the 2017 Annual Results and the requirements of Rule 13.50 of the Listing Rules, the Company has applied for the suspension of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 April 2018, pending the publication of the 2017 Annual Results.

Further announcement(s) in relation to, inter alia, any material developments in connection with the status of repayment of the Convertible Bonds and the 2017 Annual Results will be made as and when appropriate.

Shareholders and potential investors should exercise caution when dealing in the Shares.

By Order of the Board

PETRO-KING OILFIELD SERVICES LIMITED

Wang Jinlong

Chairman

Hong Kong, 31 March 2018

As at the date of this announcement, the executive Directors are Mr. Wang Jinlong and Mr. Zhao Jindong; the non-executive Directors are Mr. Lee Tommy and Ms. Ma Hua; and the independent non-executive Directors are Mr. Leung Lin Cheong, Mr. Tong Hin Wor and Mr. Xin Junhe.