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SPT Energy Group Inc.

華油能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1251)

**DISCLOSEABLE TRANSACTION
ENTERING INTO THE CONSTRUCTION CONTRACT**

THE CONSTRUCTION CONTRACT

The Board is pleased to announce that, on 15 October 2021 (after market close), Uganda Branch, a wholly-owned subsidiary of the Company, entered into the Construction Contract with Henghua Development, pursuant to which Henghua Development will provide certain construction services on the Land to Uganda Branch at a consideration of US\$5,400,311.64 (equivalent to approximately HK\$42,122,431).

LISTING RULES IMPLICATIONS

As at least an applicable percentage ratio as set out under Rule 14.07 of Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements.

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THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are set out below:

Date of the agreement:

15 October 2021

Parties:

1. Uganda Branch, a wholly-owned subsidiary of the Company
2. Henghua Development

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Henghua Development and its ultimate beneficial owner are independent third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Construction Scope:

The construction scope is the overall construction project of the park on the Land, including the office building, parking lot, warehouse, cargo and container yard, cargo inspection area, transit shed, external work and relevant auxiliary facilities, water and electricity, water supply and drainage, equipment, fire control, safety monitoring and outdoor works.

The construction is expected to commence on 20 October 2021 and complete on 17 June 2022 with a total construction period of two hundred and forty days.

Consideration:

The Consideration payable by Uganda Branch shall be US\$5,400,311.64 (equivalent to approximately HK\$42,122,431).

The Consideration was arrived at from a tender process whereby invitation to bid for the Construction Contract took place. The Company received more than three tender offers, and awarded the Construction Project to Henghua Development after having objectively assessed the experience and capability of Henghua Development, the expected scope and complexity of the construction to be performed, the expected costs of construction materials and labour costs to be incurred, and the prevailing market price for carrying out a construction of similar scale and complexity. Accordingly, the Directors consider that the Consideration is fair and reasonable.

Terms of Payment:

The Consideration of US\$5,400,311.64 (equivalent to approximately HK\$42,122,431) shall be paid by Uganda Branch to Henghua Development on the following methods:

- (1) Uganda Branch shall pay 5% of the Consideration prior to the commencement of the construction project; Henghua Development shall provide 5% of the performance security;
- (2) 10% of the Consideration shall be paid after all tools and materials are in place on the site upon the commencement of the construction project;
- (3) 10% of the Consideration shall be paid after 15% of the overall construction project is completed;
- (4) 10% of the Consideration shall be paid after 20% of the overall construction project is completed;
- (5) 20% of the Consideration shall be paid as an interim settlement payment after 50% of the overall construction project is completed;
- (6) 20% of the Consideration shall be paid as an interim settlement payment after 80% of the overall construction project is completed;
- (7) 20% of the Consideration shall be paid as the balance payment after the overall construction project is completed and accepted;
- (8) The remaining 5% of the Consideration as retention money shall be paid without interest within 28 working days (being working days in the PRC) upon the expiry of the guarantee period (one year from the date of completion of the acceptance after 17 June 2022) and no project quality issues being identified.

The Consideration will be settled by the internal resources and/or bank loans of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group intends to develop the Land into internal customs depot (ICD) of oilfield service and materials, which will provide temporary import tax bond and warehousing services for materials and equipment required by oil and gas service and logistics companies in the oil and gas exploration and development process. The construction of this park will also be a favorable element for the Group to obtain oilfield service projects in Uganda, and thereby increase the scale and profit of the Group's projects in Uganda. Therefore, the Directors believe that entering into the Construction Contract is an ideal investment for the current business strategy and future business development of the Group. As a qualified construction engineering company, Henghua Development won the bid through the tender process and can provide relevant construction services for the Company to meet the engineering needs for the construction of the Land.

The Directors are of the view that the Construction Contract is entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Group

The Group is principally engaged in the provision of integrated oilfield services and the manufacturing and sale of oilfield services related products.

Uganda Branch

Uganda Branch is a wholly-owned subsidiary of the Company, mainly engaged in provision of oil and gas engineering technical services, sales of oil drilling and production equipment, sales of raw materials of drilling fluids, sales of liquid waste disposal equipment and equipment trading, oilfield surface engineering construction, warehouse management and leasing, trading and leasing of components and parts; undertaking warehousing, logistics facilities management and leasing business; carrying out the development of oilfield evaluation, core analysis, digitization, artificial intelligence and other technologies; conducting technical training and human resource service of oilfields.

Henghua Development

Henghua Development is a limited liability company established in Uganda, mainly engaged in construction of permanent buildings and structures and transportation of components and systems. Henghua Development is owned by Mr. Miao Guodong as to 100%. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Henghua Development and its ultimate beneficial owner are independent third parties independent of the Company and its connected persons (as defined in the Listing Rules).

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DEFINITION

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

“Board”	the board of Directors
“Company”	SPT Energy Group Inc. (華油能源集團有限公司*), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Consideration”	The total amount of consideration payable under the Construction Contract for services received
“Construction Contract”	Uganda Internal Customs Depot (ICD) of Oilfield Service and Materials Construction Contract entered into between Uganda Branch and Henghua Development on 15 October 2021, pursuant to the terms of which the overall construction of the park will be carried out on the Land
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Henghua Development”	Henghua Development Company Limited, a limited liability company established in Uganda
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	Kikora, Plot 301, Block 2, Bubaguzi, Hoima, Uganda
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	Transaction under the Construction Contract
“Uganda Branch”	Sinopetroleum Technology (Uganda) - SMC Limited, a wholly-owned subsidiary of the Company and established on 24 April 2019
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.80 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or US\$ has been, could have been or may be converted at such a rate.

By order of the Board
SPT Energy Group Inc.
Mr. Wang Guoqiang
Chairman

The PRC, 18 October 2021

As at the date of this announcement, the executive Directors are Mr. Wang Guoqiang, Mr. Ethan Wu and Mr. Li Qiang; the non-executive Directors are Mr. Wu Jiwei and Ms. Chen Chunhua; and the independent non-executive Directors are Ms. Zhang Yujuan, Mr. Wu Kwok Keung Andrew and Mr. Wan Kah Ming.

* *For identification purposes only*