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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
FINANCE LEASE ARRANGEMENTS**

FINANCE LEASE ARRANGEMENTS

Reference is made to the announcement of the Company dated 10 September 2021 in relation to, among other things, the Finance Lease Arrangement IX. The Board announces that on 25 August 2022, the Lessee X, being a subsidiary of the Company, entered into the Finance Lease Agreement X with the Lessor, the details of which are set out in this announcement.

LISTING RULES IMPLICATIONS

Each of the Lessees is an indirect subsidiary of the Company. According to Rule 14.22 of the Listing Rules, the Finance Lease Arrangements during any 12-month period shall be aggregated as a series of transactions. As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements IX and X, entered into during the period from 27 August 2021 to 25 August 2022, when aggregated, exceed 5% but are less than 25%, the abovementioned transactions contemplated therein constituted a discloseable transaction of the Company and were subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 10 September 2021 in relation to, among other things, the Finance Lease Arrangement IX. The Board announces that on 25 August 2022, the Lessee X, being a subsidiary of the Company, entered into the Finance Lease Agreement X with the Lessor, the details of which are set out in this announcement.

FINANCE LEASE ARRANGEMENTS

Finance Lease Arrangement X

1. *Finance Lease Agreement X*

On 25 August 2022, the Lessor and the Lessee X, an indirect subsidiary of the Company, entered into the Finance Lease Agreement X, pursuant to which (i) the Lessee X has agreed to sell its own assets, namely, the Leased Assets, to the Lessor, at a transfer consideration of RMB16,000,000; and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee X for a term of 36 months. The total lease payment under the Finance Lease Agreement X was RMB17,672,426, which shall include a finance lease principal of RMB16,000,000 and a finance lease interest (inclusive of VAT) of RMB1,672,426.

The principal terms of the Finance Lease Agreement X are set out below:

Date of agreement: 25 August 2022

Parties:

The purchaser and the Lessor: Zhongguancun Science-Tech
The seller and the Lessee X: Sinopetroleum Technology

Leased Assets:

The Leased Assets are oil and gas drilling equipment stored in Sichuan, the PRC, with a net book value of approximately RMB18,123,000 at the relevant time.

Lease period:

The lease period of the Finance Lease Agreement X is 36 months.

Consideration and payment terms:

The Lessor will purchase the Leased Assets from the Lessee X for RMB16,000,000. The payment of the consideration was conditional upon the fulfilment of certain conditions under the Finance Lease Agreement X, including, among others, (1) the due execution of the Finance Lease Agreement X and the underlying sale and purchase agreement of the Leased Assets; and (2) the Lessor having received the relevant documentary proof confirming the ownership of the Leased Assets.

Pursuant to the Finance Lease Agreement X, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement X, the finance lease principal is RMB16,000,000, the finance lease interest (inclusive of VAT) is expected to be RMB1,672,426 (calculated based on the interest rate of 6.5% per annum), the total lease payment is RMB17,672,426, the Lessee X shall pay the lease payment to the Lessor at the end of each quarter in instalments in accordance with the Finance Lease Agreement X during the lease period.

Each of the purchase price, the finance lease principal, the finance lease interest and other expenses under the Finance Lease Agreement X and the consultancy fee (see below) was arrived at after arm's length negotiation between the parties with reference to the net book value of the Leased Assets and prevailing market prices of the same category of finance lease products in the PRC.

Security Deposit:

The Lessee X agreed to pay the security deposits for the Finance Lease Agreement X of RMB1,600,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement X, the lease payment and other payables under the final payment will automatically be deducted from the deposits, and the Lessor will refund the Lessee X the remaining amount (if any).

Ownership of the Leased Assets:

During the lease period, the ownership of the Leased Assets shall be vested in the Lessor. If the Lessee X has properly and fully performed all obligations under the Finance Lease Agreement X, upon the expiry of the Finance Lease Agreement X, the Lessor will transfer the Leased Assets to the Lessee X at the consideration of RMB100 in nominal value.

2. *Consultancy Agreement X*

The Lessee X and the Lessor also entered into the Consultancy Agreement X on 25 August 2022 under which the Lessor will provide consultancy services to the Lessee X and the Lessee X will pay a consultancy fee of RMB576,000 to the Lessor. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

3. *Guarantee X*

The guarantee arrangements for the Finance Lease Agreement X are set out below:

SPT Energy (Hong Kong), a controlling shareholder of Lessee X, provides joint and several liabilities guarantee for the debts of Lessee X under the Finance Lease Agreement X.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

The Directors consider that the entry of the Finance Lease Arrangements will enhance the working capital position of each of the Lessees to optimise its asset and debt structure by increasing the liquidity position of the Lessees and to support their business and operational activities. The proceeds from the Finance Lease Arrangements have been applied towards repaying bank loans, purchasing equipment and increasing the general working capital requirements of the Group.

The Directors are of the view that the Finance Lease Arrangements are 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.

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENTS

There will not be any gain or loss accrued to the Company when initially entered into the sale of the Leased Assets under the Finance Lease Arrangements, and interest expenses will be incurred over the relevant period.

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.

Sinopetroleum Technology

Sinopetroleum Technology is an indirect subsidiary of the Company and is principally engaged in the provision of oil and gas technology development service.

SPT Energy (Hong Kong)

SPT Energy (Hong Kong) is a direct subsidiary of the Company and is principally engaged in investment holding.

Zhongguancun Science-Tech

Zhongguancun Science-Tech is a company incorporated in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 1601). It is principally engaged in the provision of finance leases to technology and new economy companies in China.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Zhongguancun Science-Tech and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultancy Agreement IX”	the consultancy agreement entered into between the Lessor and the Lessee IX on 27 August 2021
“Consultancy Agreement X”	the consultancy agreement entered into between the Lessor and the Lessee X on 25 August 2022
“Directors”	the directors of the Company
“Finance Lease Agreement IX”	the finance lease agreement entered into between the Lessor and the Lessee IX on 27 August 2021
“Finance Lease Agreement X”	the finance lease agreement entered into between the Lessor and the Lessee X on 25 August 2022
“Finance Lease Arrangements”	the Finance Lease Arrangement IX and the Finance Lease Arrangement X
“Finance Lease Arrangement IX”	the transactions contemplated under the Finance Lease Agreement IX, the Guarantee IX and the Consultancy Agreement IX
“Finance Lease Arrangement X”	the transactions contemplated under the Finance Lease Agreement X, the Guarantee X and the Consultancy Agreement X
“Group”	the Company and its subsidiaries

“Guarantee IX”	the guarantees dated 27 August 2021 given by SPT Energy (Hong Kong) and Lessee X in favour of the Lessor, entered in conjunction with the Finance Lease Agreement IX
“Guarantee X”	the guarantee dated 25 August 2022 given by SPT Energy (Hong Kong) in favour of the Lessor, entered in conjunction with the Finance Lease Agreement X
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party who is independent of the Company and its connected persons
“Leased Assets”	oil and gas drilling equipment stored in Sichuan, the PRC under the Finance Lease Agreement X
“Lessee(s)”	the Lessee IX and the Lessee X
“Lessee IX” or “Petrotech (Xinjiang)”	Petrotech (Xinjiang) Engineering Co., Ltd* (新疆華油油氣工程有限公司), a company incorporated in the PRC and is an indirect subsidiary of the Company
“Lessee X” or “Sinopetroleum Technology”	Sinopetroleum Technology Inc.* (北京華油油氣技術開發有限公司), a company incorporated in the PRC and is an indirect subsidiary of the Company
“Lessor” or “Zhongguancun Science-Tech”	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, the H shares of which are listed on the Stock Exchange with stock code of 1601
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“SPT Energy (Hong Kong)”	SPT Energy (Hong Kong) Limited, a company incorporated in Hong Kong and is a direct subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax
“%”	per cent

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

The PRC, 25 August 2022

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, Mr. Wan Kah Ming and Mr. Ma Xiaohu.

* *For identification purposes only*