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Petro-king **百勤油服**

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)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS PURCHASE OF NEW EQUIPMENT AND THE FINANCE LEASE ARRANGEMENT

SUPPLEMENTAL AGREEMENT AND FINANCE LEASE AGREEMENT

Reference is made to the Announcement in relation to, among others, the purchase of the New Equipment.

In order to better match with the Group's future cash flow requirement, reduce the Group's immediate cash outflow from the purchase of the New Equipment and reserve such financial resources for its business operations, on 28 September 2022 (after trading hours), Petro-king (Chongqing) entered into (i) the Supplemental Agreement with Sany to amend and supplement certain terms of the Sale and Purchase Agreement I, and (ii) the Finance Lease Agreement in relation to the finance leasing of the New Equipment to replace the original Financing Loan.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Finance Lease Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of Petro-king Oilfield Services Limited dated 26 August 2022 (the “**Announcement**”) in relation to, among others, the purchase of the New Equipment. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

SUPPLEMENTAL AGREEMENT

On 28 September 2022 (after trading hours), Petro-king (Chongqing) entered into a supplemental agreement to the Sale and Purchase Agreement I (the “**Supplemental Agreement**”) with Sany, pursuant to which the parties thereto agreed to amend and supplement certain terms of the Sale and Purchase Agreement I as follows:

Payment terms

The consideration shall be paid by Petro-king (Chongqing) to Sany in the following manner:

- (i) An initial payment of RMB4,275,000 (equivalent to approximately HK\$4,719,000) (the “**Initial Payment**”) to Sany’s designated bank account within 15 working days after the Sale and Purchase Agreement I has become effective (the Initial Payment shall be funded by internal resources of the Group); and
- (ii) A final payment of the remaining balance of RMB24,225,000 (equivalent to approximately HK\$26,743,000) (the “**Final Payment**”) to Sany’s designated bank account, to be made by the Lessor under the Finance Lease Agreement (as set out below).

In the event that Sany’s payment obligations under the Sale and Purchase Agreement II or the Lessor’s payment obligations under the Finance Lease Agreement (as set out below) (for reason(s) unrelated to Petro-king (Chongqing)) are postponed, Petro-king (Chongqing)’s payment obligations under the Sale and Purchase Agreement I will also be postponed accordingly.

Conditions Precedent

The Sale and Purchase Agreement I (as amended and supplemented by the Supplemental Agreement) shall take effect upon fulfilment of the following conditions precedent: (i) the entering into of the Sale and Purchase Agreement II, and (ii) the entering into of the Finance Lease Agreement.

Save for the above, all other principal terms and conditions of the Sale and Purchase Agreement I remain unchanged and continue to be in full force and effect.

FINANCE LEASE AGREEMENT

On 28 September 2022 (after trading hours), Petro-king (Chongqing) entered into a finance lease agreement (the “**Finance Lease Agreement**”) with 三一融資租賃有限公司 (Sany Financial Leasing Co., Ltd.#) (the “**Lessor**”) in relation to the finance leasing of the New Equipment to replace the original Financing Loan.

The principal terms of the Finance Lease Agreement are summarised below:

Date:	28 September 2022
Parties:	(1) Petro-king (Chongqing) (as vendor and lessee); and (2) the Lessor (as purchaser and lessor)
Subject matter:	The Lessor agreed to purchase the New Equipment from Petro-king (Chongqing) and lease back to Petro-king (Chongqing) for a term of 60 months commencing from the date as stipulated in the lease notice to be issued by the Lessor upon payment of the Final Payment under the Sale and Purchase Agreement I.
Consideration:	<p>The total principal amount of lease payments is RMB24,225,000 (equivalent to approximately HK\$26,743,000) and the total interest amount of lease payments, at a fixed annual interest rate of 6.0%, is approximately RMB4,208,000 (equivalent to approximately HK\$4,645,000), which together shall be paid by Petro-king (Chongqing) to the Lessor in 9 semi-annual instalments, with the first instalment to be paid by 15 September 2023.</p> <p>The above-mentioned lease payments were determined after arm's length negotiations among the parties with reference to the purchase price of the New Equipment, the principal amount of the finance lease and the prevailing market interest rate for finance leases of comparable equipment.</p> <p>The lease payments are expected to be funded by internal resources of the Group.</p>

Payment terms: The first and second instalments of the lease payments shall be made on 15 September 2023 and 15 March 2024, respectively, and subsequent instalments shall be made on the same calendar day of each following half year.

The obligations of Petro-king (Chongqing) under the Finance Lease Agreement shall be secured by (a) a pledge of the New Equipment; (b) a corporate guarantee from Petro-king Technology; and (c) a personal guarantee from Mr. Wang Jinlong (“**Mr. Wang**”), the chairman and non-executive Director of the Company, in favour of the Lessor.

Ownership: From the delivery of the New Equipment to Petro-king (Chongqing) and during the term of the lease, the ownership of the New Equipment shall vest in the Lessor. Upon expiry of the term of the lease, subject to satisfaction in full of all the lease payments and other payables by Petro-king (Chongqing) under the Finance Lease Agreement and in the absence of any event of default, the ownership of the New Equipment shall be transferred to Petro-king (Chongqing) at a payment of RMB100.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The entering into of the Supplemental Agreement and the Finance Lease Agreement enables the Group to better match with its future cash flow requirement, reduce its immediate cash outflow from the purchase of the New Equipment and reserve such financial resources for its business operations.

The Directors consider that the terms and conditions of the Supplemental Agreement and the Finance Lease Agreement are on normal commercial terms and are fair and reasonable, and that the entering into of the Supplemental Agreement and the Finance Lease Agreement are in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE PARTIES

To the best knowledge of the Directors, the Lessor is (i) principally engaged in finance lease business in the PRC, and (ii) owned as to approximately 94.9% by 三一重工股份有限公司 (Sany Heavy Industry Co., Ltd.[#]) and the remaining approximately 5.1% by Tenancy Co., Limited.

Sany Heavy Industry Co., Ltd is a company listed on the Shanghai Stock Exchange (stock code: 600031). Tenancy Co., Limited is a company incorporated in Hong Kong which is wholly-owned by 三一集團有限公司 (Sany Group Limited[#]).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Sany, the Lessor and their respective ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Finance Lease Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Wang is a non-executive Director and a substantial shareholder of the Company, who is interested in approximately 28.32% of the issued share capital of the Company. Mr. Wang is therefore a connected person of the Company. The provision of personal guarantee to the Group by Mr. Wang pursuant to the Finance Lease Agreement is fully exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements, as the provision of such guarantee constitutes a financial assistance received by the Group from a connected person, which is conducted on normal commercial terms or better and is not secured by the assets of the Group pursuant to Rule 14A.90 of the Listing Rules.

[#] *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

Translation of RMB into HK\$ is based on the exchange rate of HK\$1.00 = RMB0.90584.

By Order of the Board
PETRO-KING OILFIELD SERVICES LIMITED
Wang Jinlong
Chairman

Hong Kong, 28 September 2022

As at the date of this announcement, the executive Directors are Mr. Zhao Jindong and Mr. Huang Yu; the non-executive Directors are Mr. Wang Jinlong and Mr. Wong Shiu Kee; and the independent non-executive Directors are Mr. Leung Lin Cheong, Mr. Xin Junhe and Mr. Zhang Dawei.