

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Petro-king Oilfield Services Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the stockbroker, registered dealer in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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)

(I) MAJOR TRANSACTIONS
PURCHASE OF THE ADDITIONAL EQUIPMENT
AND THE FINANCE LEASE ARRANGEMENTS; AND
(II) NOTICE OF THE EGM

Financial adviser to Petro-king Oilfield Services Limited



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 7 to 19 of this circular. A notice convening the EGM to be held at 17th Floor, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 12 December 2022 at 2:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible but in any event and less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, but in such event the form of proxy shall be deemed to be revoked. **In view of the ongoing COVID-19 pandemic, you are encouraged to appoint the chairman of the EGM as proxy to attend and vote on your behalf at the EGM or any adjournment thereof.**

Please see the section headed “Precautionary Measures and Special Arrangements for the EGM” in this circular for measures being taken to prevent and control the spread of the COVID-19 pandemic at the EGM.

22 November 2022

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PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE EGM

Reference is made to the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” jointly issued by the Stock Exchange and the Securities and Futures Commission on 1 April 2020 in relation to the arrangement of general meetings.

VOTING BY PROXY IN ADVANCE OF THE EGM

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising the Shareholders’ voting rights. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

PRECAUTIONARY MEASURES AT THE EGM

The Company will implement the following precautionary measures at the EGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue; any person with a body temperature of over 37.5 degrees Celsius will be requested to stay in an isolated place for completing the voting procedures;
- (ii) every attendee will be required to wear a surgical face mask prior to admission to the EGM venue and throughout the EGM; please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks;
- (iii) seating at the EGM will be arranged to reduce interaction between participants; and
- (iv) no refreshments will be served and there will be no corporate gifts.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the health and safety of the attendees at the EGM.

PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE EGM

In the interest of all stakeholders' health and safety and being consistent with recent guidelines for prevention and control of the COVID-19 pandemic, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, the Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The Company will closely monitor the development of the COVID-19 pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to the COVID-19 pandemic. The Company will ensure that the EGM will be conducted in compliance with the regulations or measures of the Hong Kong Government and the Shareholders will not be deprived of their rights of voting on the resolutions to be proposed at the EGM. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change arrangements for the EGM on short notice. Shareholders should check the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.petro-king.cn) for any further announcements and updates.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below, unless the context requires otherwise:

“Additional Equipment”	five units of 2500 mechanical fracturing truck (2500型機械式壓裂車)
“Board”	the board of the Directors
“Company”	Petro-king Oilfield Services Limited (百勤油田服務有限公司), a company incorporated in the British Virgin Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2178)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the relevant resolutions relating to the Sale and Purchase Agreement, the Finance Lease Agreement I, the Finance Lease Agreement II and the respective transactions contemplated thereunder
“Existing Equipment”	three units of mechanical fracturing truck (機械式壓裂車), with net book value of approximately RMB9.6 million as at 30 September 2022
“Finance Lease I”	a finance lease arrangement for the Balance Payment under the Finance Lease Agreement I
“Finance Lease II”	a finance lease arrangement for the Existing Equipment under the Finance Lease Agreement II

DEFINITIONS

“Finance Lease Agreement I”	the finance lease agreement dated 24 October 2022 (as amended and supplemented by a supplemental agreement dated 24 October 2022) entered into between Petro-king (Chongqing) as the vendor and lessee and the Lessor as the purchaser and the lessor in relation to the Finance Lease I
“Finance Lease Agreement II”	the finance lease agreement dated 24 October 2022 (as amended and supplemented by a supplemental agreement dated 24 October 2022) entered into between Petro-king (Chongqing) as the vendor and lessee and the Lessor as the purchaser and the lessor in relation to the Finance Lease II
“First Purchase”	the purchase of three units of 2500 mechanical fracturing truck (2500型機械式壓裂車) pursuant to the sale and purchase agreement dated 26 August 2022 (as amended and supplemented by a supplemental agreement dated 28 September 2022) entered into between Petro-king (Chongqing) as the purchaser and Sany as the vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	15 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lessor”	三一融資租賃有限公司(Sany Financial Leasing Co., Ltd. [#]), a company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Wang”	Mr. Wang Jinlong, the chairman of the Company and a non-executive Director, who through his controlled corporation, is deemed to be interested in approximately 28.32% of the entire issued Shares as at the Latest Practicable Date
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“Petro-king (Chongqing)”	百勤(重慶)油氣工程技術服務有限公司 (Petro-king (Chongqing) Oil and Gas Technical Services Co., Ltd.#), a company established in the PRC with limited liability and is indirectly owned as to 80% by the Company
“Petro-king Huizhou”	百勤能源科技(惠州)有限公司 (Petro-king Energy Technology (Huizhou) Co., Ltd.#), a company established in the PRC with limited liability and it is owned as to approximately 32.73% by the Company as at the Latest Practicable Date
“Petro-king Technology”	深圳市百勤石油技術有限公司(Petro-king Oilfield Technology Limited#), a company incorporated in the PRC with limited liability and is indirectly wholly-owned by the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 October 2022 (as amended and supplemented by a supplemental agreement dated 24 October 2022) entered into between Petro-king (Chongqing) as the purchaser and Sany as the vendor in relation to the purchase of the Additional Equipment
“Sany”	三一石油智能裝備有限公司(Sany Petroleum Intelligent Equipment Co., Ltd.#), a company incorporated in the PRC
“Second Purchase”	the purchase of the Additional Equipment pursuant to the Sale and Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company with no par value
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Unless otherwise stated, translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.10267. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate or at all.

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)

Executive Directors:

Mr. Zhao Jindong

Mr. Huang Yu

Non-executive Directors:

Mr. Wang Jinlong (*Chairman*)

Mr. Wong Shiu Kee

Independent non-executive Directors:

Mr. Leung Lin Cheong

Mr. Xin Junhe

Mr. Zhang Dawei

Registered Office:

Commerce House

Wickhams Cay 1

P.O. Box 3140

Road Town, Tortola

British Virgin Islands

VG1110

*Principal Place of Business
in Hong Kong:*

Suite 1603A, 16/F

Tower 1, Silvercord

30 Canton Road

Kowloon, Hong Kong

22 November 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTIONS
PURCHASE OF THE ADDITIONAL EQUIPMENT
AND THE FINANCE LEASE ARRANGEMENTS**

INTRODUCTION

Reference is made to the announcement of the Company dated 24 October 2022 in relation to the transactions contemplated under the Sale and Purchase Agreement, the Finance Lease Agreement I and the Finance Lease Agreement II.

LETTER FROM THE BOARD

On 24 October 2022 (after trading hours), Petro-king (Chongqing) and Sany entered into the Sale and Purchase Agreement, pursuant to which Petro-king (Chongqing) agreed to purchase, and Sany agreed to sell, the Additional Equipment at the consideration of RMB47,500,000 (equivalent to approximately HK\$52,377,000). For the purpose of financing the purchase of the Additional Equipment, on the same date, Petro-king (Chongqing) and the Lessor entered into the Finance Lease Agreement I, pursuant to which the Lessor agreed to purchase the Additional Equipment from Petro-king (Chongqing) and lease back to Petro-king (Chongqing) for a term of 60 months.

Separately, on 24 October 2022 (after trading hours), Petro-king (Chongqing) and the Lessor entered into the Finance Lease Agreement II, pursuant to which the Lessor agreed to purchase the Existing Equipment from Petro-king (Chongqing) and lease back to Petro-king (Chongqing) for a term of 24 months.

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further particulars of the Finance Lease Agreement I and the transactions contemplated thereunder; (iii) further particulars of the Finance Lease Agreement II and the transactions contemplated thereunder; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM.

THE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Sale and Purchase Agreement are summarised below:

Date:	24 October 2022
Parties:	(1) Petro-king (Chongqing) (as the purchaser); and (2) Sany (as the vendor)
Subject matter:	Petro-king (Chongqing) agreed to purchase, and Sany agreed to sell, the Additional Equipment.
Consideration:	RMB47,500,000 (equivalent to approximately HK\$52,377,000), tax inclusive.

The consideration was determined after arm's length negotiations between the parties with reference to the prevailing market price of the Additional Equipment.

The consideration is expected to be funded by the Finance Lease I and internal resources of the Group.

LETTER FROM THE BOARD

- Payment terms: The consideration shall be paid by Petro-king (Chongqing) to Sany in the following manner:
- (i) An initial payment of RMB2,375,000 (equivalent to approximately HK\$2,619,000) (the “**Initial Payment**”) to Sany’s designated bank account on or before 31 December 2022;
 - (ii) A further payment of RMB4,750,000 (equivalent to approximately HK\$5,238,000) to Sany’s designated bank account, in 4 semi-annual instalments, with RMB1,187,500 (equivalent to approximately HK\$1,309,000) for each instalment and the first instalment to be paid by 30 June 2023; and
 - (iii) A payment of the remaining balance of RMB40,375,000 (equivalent to approximately HK\$44,520,000) (the “**Balance Payment**”) to Sany’s designated bank account, to be made by the Lessor under the Finance Lease Agreement I.

In the event that the Shareholders’ approval at the EGM for the Sale and Purchase Agreement and the transactions contemplated thereunder or the Lessor’s payment obligations under the Finance Lease Agreement I (for reason(s) unrelated to Petro-king (Chongqing)) are postponed, Petro-king (Chongqing)’s payment obligations under the Sale and Purchase Agreement will also be postponed accordingly and Petro-king (Chongqing) will not be liable for any breach in relation to such postponed payment.

In the event that Petro-king (Chongqing) is unable to complete the Finance Lease I and the parties are unable to reach an agreement on the settlement of the Balance Payment, either party has the right to terminate the Sale and Purchase Agreement and Sany shall return the payment under the Sale and Purchase Agreement made by Petro-king (Chongqing).

LETTER FROM THE BOARD

- Delivery date: The Additional Equipment shall be available for self pick-up at an agreed location by Petro-king (Chongqing) within 15 working days upon the settlement of the Initial Payment by Petro-king (Chongqing) to Sany.
- Conditions Precedent: The Sale and Purchase Agreement shall take effect upon fulfilment of the following conditions precedent: (i) the entering into of the Finance Lease Agreement I, and (ii) the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the disclosure of information on the parties to, and the transactions contemplated under, the Sale and Purchase Agreement in the relevant announcement(s) and circular(s), and the Company having obtained approval from the Shareholders at the EGM.

THE FINANCE LEASE AGREEMENT I

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

- Date: 24 October 2022
- Parties: (1) Petro-king (Chongqing) (as the vendor and the lessee); and
(2) the Lessor (as the purchaser and the lessor)
- Subject matter: The Lessor agreed to purchase the Additional 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 Balance Payment under the Sale and Purchase Agreement.

LETTER FROM THE BOARD

Consideration: The total principal amount of lease payments is RMB40,375,000 (equivalent to approximately HK\$44,520,000) and the total interest amount of lease payments, at a fixed annual interest rate of 6.0%, is approximately RMB7,013,000 (equivalent to approximately HK\$7,733,000), 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 December 2023.

The abovementioned lease payments were determined after arm's length negotiations among the parties with reference to the purchase price of the Additional Equipment, the principal amount of the Finance Lease I and the prevailing market interest rate for finance leases of comparable equipment.

The lease payments are expected to be funded by internal resources of the Group.

Payment terms: The first and second instalments of the lease payments shall be made on 15 December 2023 and 15 June 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 II shall be secured by (a) a pledge of the Additional Equipment; (b) a corporate guarantee from Petro-king Technology; and (c) a personal guarantee from Mr. Wang, in favour of the Lessor and which terms are to be determined by the parties thereto.

LETTER FROM THE BOARD

- Ownership: From the delivery of the Additional Equipment to Petro-king (Chongqing) and during the term of the lease, the ownership of the Additional 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 I and in the absence of any event of default, the ownership of the Additional Equipment shall be transferred to Petro-king (Chongqing) at a payment of RMB100.
- Conditions Precedent: The Finance Lease Agreement I shall take effect upon the Company's disclosure of information on the parties to, and the transactions contemplated under, the Finance Lease Agreement I in the relevant announcement(s) and circular(s), and the Company having obtained approval from the Shareholders at the EGM.

THE FINANCE LEASE AGREEMENT II

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

- Date: 24 October 2022
- Parties: (1) Petro-king (Chongqing) (as the vendor and the lessee); and
(2) the Lessor (as the purchaser and the lessor)
- Subject matter: The Lessor agreed to purchase the Existing Equipment from Petro-king (Chongqing) and lease back to Petro-king (Chongqing) for a term of 24 months commencing from the date as stipulated in the lease notice to be issued by the Lessor upon payment of the consideration of RMB6,650,000 (equivalent to approximately HK\$7,333,000).

LETTER FROM THE BOARD

Consideration:

The total principal amount of lease payments is RMB6,650,000 (equivalent to approximately HK\$7,333,000) and the total interest amount of lease payments, at a fixed annual interest rate of 6.0%, is approximately RMB506,000 (equivalent to approximately HK\$558,000), which together shall be paid by Petro-king (Chongqing) to the Lessor in 4 semi-annual instalments, with the first instalment to be paid by 15 June 2023.

The abovementioned lease payments were determined after arm's length negotiations among the parties with reference to the market value of the Existing Equipment (which is referenced to the market value of similar types of equipment under current conditions), the principal amount of the Finance Lease II and the prevailing market interest rate for finance leases of comparable equipment.

The lease payments are expected to be funded by internal resources of the Group.

Payment terms:

The first instalment of the lease payments shall be made on 15 June 2023, 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 II shall be secured by (a) a pledge of the Existing Equipment; (b) a corporate guarantee from Petro-king Technology; and (c) a personal guarantee from Mr. Wang, in favour of the Lessor and which terms are to be determined by the parties thereto.

LETTER FROM THE BOARD

- Ownership:** During the term of the lease, the ownership of the Existing 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 II and in the absence of any event of default, the ownership of the Existing Equipment shall be transferred to Petro-king (Chongqing) at a payment of RMB100.
- Conditions Precedent:** The Finance Lease Agreement II shall take effect upon the Company's disclosure of information on the parties to, and the transactions contemplated under, the Finance Lease Agreement II in the relevant announcement(s) and circular(s), and the Company having obtained approval from the Shareholders at the EGM.

REASONS FOR AND BENEFITS OF THE SECOND PURCHASE AND THE FINANCE LEASES

Brent crude oil price continued to rebound in the past two years and remained at high price recently (at approximately US\$90 per barrel in October 2022). In addition, the outbreak of the Russia-Ukraine War has further strengthened the PRC's national policy for energy safety. The strong and stable international oil price and the PRC's national policy for energy safety and to encourage shale gas consumption for environmental protection, owners of shale gas fields in the PRC (mostly major national oil companies) have accelerated the exploration and construction of their shale gas projects, which have stimulated market demands for production enhancement services in the PRC. Accordingly, market demands for production enhancement services offered by the Group are expected to grow in the foreseeable future.

As at the Latest Practicable Date, the Group owns 19 units of fracturing equipment in the PRC, all of which are utilised at full capacity. Apart from the increasing demands for production enhancement services in the PRC, the Group's customers have imposed higher standards on the fracturing equipment utilised by the production enhancement service providers as the gas field and oilfields have become increasingly difficult to extract from. Following completion of the First Purchase, the Group is satisfied with the quality of equipment purchased from Sany, and is prepared to make additional purchases from Sany to upgrade its existing fracturing equipment and to enhance its competitiveness and quality of services, as well as to fulfil the uplifted industry standards and requirements.

LETTER FROM THE BOARD

The entering into of the Finance Lease Agreement I enables the Group to better match with its future cash flow requirement, reduce its immediate cash outflow from the purchase of the Additional Equipment and reserve such financial resources for its business operations. As the Additional Equipment is intended to replace certain fracturing equipment of the Group rented from third parties under short-term leases, thus reducing the Group's operating lease payments, the purchase of the Additional Equipment is not expected to have material adverse effect on the working capital of the Group. The entering into of the Finance Lease Agreement II enables the Group to further enhance its working capital position and fund its business operations.

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

FINANCIAL IMPACT OF THE SECOND PURCHASE AND THE FINANCE LEASES

Under the Second Purchase and the Finance Lease I, it is expected that upon completion, total assets of the Group will increase to reflect the right-to-use assets (i.e. relating to the Additional Equipment, estimated to be approximately RMB47.1 million (equivalent to approximately HK\$51.9 million)), and total liabilities of the Group will increase by approximately RMB47.1 million (equivalent to approximately HK\$51.9 million), including an increase in lease liability (i.e. relating to the Finance Lease I, estimated to be approximately RMB39.9 million (equivalent to approximately HK\$44.0 million)), and an increase in payables to Sany of approximately RMB7.2 million (equivalent to approximately HK\$7.9 million).

Under the Finance Lease II, upon completion, it is expected that the carrying amount of the Existing Equipment will be reclassified from property, plant and equipment to right-to-use assets, and the difference, which is expected to be immaterial, will be recognised in profit or loss and that total assets of the Group will increase to reflect the cash consideration received. Total liabilities of the Group will increase to reflect the related lease liability (i.e. relating to the Finance Lease II, estimated to be approximately RMB6.6 million (equivalent to approximately HK\$7.3 million)).

During the term of each of the Finance Lease I and the Finance Lease II, the Company will adjust the relevant lease liability to reflect, among others, the interest on the relevant lease liability and the lease payments made, and the interest on the relevant lease liability will be recognised in profit or loss accordingly.

As discussed in the earlier section, the Company considers that the purchase of the Additional Equipment is not expected to have material adverse effect on the working capital of the Group, and that the Finance Lease II will improve the working capital position of the Group.

Save for the above, there would be no material impact of the transactions on the earnings, assets and liabilities of the Group.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

On 26 August 2022 and 28 September 2022, Petro-king (Chongqing) entered into a sale and purchase agreement and a supplemental agreement with Sany respectively, in relation to the First Purchase. On 28 September 2022, Petro-king (Chongqing) also entered into a finance lease agreement with the Lessor in relation to the finance lease of the equipment under the First Purchase. For details of the above, please refer to the announcements of the Company dated 26 August 2022 and 28 September 2022 respectively.

The Second Purchase and the First Purchase are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules as these transactions were entered into within a 12-month period and involve the acquisition of assets from Sany. As one or more of the applicable percentage ratios in respect of the transactions under the Sale and Purchase Agreement, both on standalone and aggregate basis, is more than 25% but all of them are less than 100%, the transactions under the Sale and Purchase Agreement constitute a major transaction of the Company and are therefore subject to the reporting, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease I is more than 25% but all of them are less than 75%, on standalone basis, the transactions contemplated under the Finance Lease Agreement I constitute a major transaction of the Company and are therefore subject to the reporting, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Finance Lease II is more than 5% but all of them are less than 25%, on standalone basis, the transactions contemplated under the Finance Lease Agreement II constitute a discloseable transaction of the Company and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The finance lease transactions under the First Purchase, the Finance Lease I and the Finance Lease II are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules as these transactions were entered into within a 12-month period and involve the sale and leaseback of assets with the Lessor. As one or more of the applicable percentage ratios in respect of the Finance Lease I, on standalone basis, and/or the Finance Lease II, on aggregate basis, is more than 25% but all of them are less than 75%, the transactions contemplated under the Finance Lease Agreement I and/or the Finance Lease Agreement II constitute a major transaction of the Company and are therefore subject to the reporting, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Wang is a non-executive Director and a substantial shareholder of the Company, who is interested in approximately 28.32% of the issued Shares. Mr. Wang is therefore a connected person of the Company under Chapter 14A of the Listing Rules. However, the provision of personal guarantees to the Group by Mr. Wang pursuant to the Finance Lease Agreement I and the Finance Lease Agreement II is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements, as the provision of such guarantees 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 under Rule 14A.90 of the Listing Rules.

GENERAL INFORMATION

The Group

The Group is principally engaged in the business of provision of production enhancement services, drilling services, consultancy services and integrated project management services for oilfield and gas fields, with auxiliary activities in the trading of oilfield and gas field related products.

Petro-king (Chongqing)

Petro-king (Chongqing) is a company established in the PRC with limited liability. It is principally engaged in the provision of production enhancement services in the PRC. Petro-king (Chongqing) is owned as to 80% by the Company and the remaining 20% by 深圳市景尚管理諮詢合夥企業(有限合夥) (Shenzhen Jingshang Management Consulting Partnership Enterprise (Limited Partnership)[#]) (“**Shenzhen Jingshang**”). Shenzhen Jingshang is a special investment vehicle and is principally engaged in investment in equity interest in Petro-king (Chongqing). Shenzhen Jingshang is managed by 尚廣超, the general partner. 尚廣超, 林景禹, 雷蕾 and 馬明潔 own 41%, 54%, 3.5% and 1.5% of Shenzhen Jingshang, respectively as at the Latest Practicable Date. Each of the above four partners of Shenzhen Jingshang is an Independent Third Party and a current employee of the Group.

Petro-king Technology

Petro-king Technology is a company established in the PRC with limited liability and is indirectly wholly-owned by the Company. It is principally engaged in the provision of oilfield project tools and services and consultancy services in the PRC.

LETTER FROM THE BOARD

Sany

To the best knowledge of the Directors, Sany is principally engaged in the manufacture and sale of oilfield equipment. As at the Latest Practicable Date, Sany is owned as to approximately 76.0850% by 三一集團有限公司 (Sany Group Limited[#]) (“**Sany Group**”), 15.0000% by 袁金華, and the remaining approximately 8.9150% by 22 individual shareholders who are Independent Third Parties and each of them holding less than 5.0% equity interest of Sany.

Sany Group is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, machinery leasing, manufacture of automobile and educational businesses. As at the Latest Practicable Date, Sany Group is owned as to 56.735% by 梁穩根, 8.75% by 唐修國, 8% by 毛中吾, 8% by 向文波, and the remaining 18.515% by 11 individual shareholders who are Independent Third Parties and each of them holding less than 5.0% equity interest of Sany Group.

The Lessor

To the best knowledge of the Directors, the Lessor is principally engaged in finance lease business in the PRC. As at the Latest Practicable Date, the Lessor is 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 Sany Group.

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.

EGM AND PROXY ARRANGEMENT

The Company will convene the EGM for the Shareholders to consider and, if thought fit, pass the relevant resolutions to approve the Sale and Purchase Agreement, the Finance Lease Agreement I, the Finance Lease Agreement II and the respective transactions contemplated thereunder. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the transactions and is required to abstain from voting on the relevant resolutions approving the Sale and Purchase Agreement, the Finance Lease Agreement I, the Finance Lease Agreement II and the respective transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, all the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A notice convening the EGM to be held at 17th Floor, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 12 December 2022 at 2:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, but in such event the form of proxy shall be deemed to be revoked.

RECOMMENDATIONS

The Directors are of the view that the terms of the Sale and Purchase Agreement, the Finance Lease Agreement I and the Finance Lease Agreement II are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement, the Finance Lease Agreement I, the Finance Lease Agreement II and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
Petro-king Oilfield Services Limited
Wang Jinlong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021, and for the six months ended 30 June 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.petro-king.cn/en/Investor.html>):

- annual report of the Company for the year ended 31 December 2019 published on 28 April 2020 (pages 78 to 192);
- annual report of the Company for the year ended 31 December 2020 published on 29 April 2021 (pages 79 to 192);
- annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 81 to 208); and
- interim report of the Company for the six months ended 30 June 2022 published on 23 September 2022 (pages 34 to 72).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

	<i>Notes</i>	As at 30 September 2022 <i>HK\$'000 (unaudited)</i>
Bank borrowings	1	37,620
Term loan	2	85,200
Other loans	3	9,373
Lease liabilities	4	<u>30,862</u>
		163,055
Reconciled by:		
Secured and guaranteed		64,086
Unsecured and not guaranteed		<u>98,969</u>
		<u><u>163,055</u></u>

Notes:

1. The bank borrowings are secured by (a) personal guarantee by a Director and (b) trade receivables of the Group of approximately HK\$94,114,000.
2. Balances represented a term loan with remaining principal amount of HK\$85,200,000, bearing interest at 5.5% per annum, unsecured and not guaranteed. The Group has subsequently repaid HK\$4,500,000 in October 2022. The remaining balance of the loan of HK\$80,700,000 is repayable by monthly instalments of HK\$1,500,000 from November 2022 to November 2024, with a final instalment of HK\$43,200,000 to be repaid in December 2024.
3. Balances represented certain loans bearing interest of 15% per annum, unsecured and not guaranteed. These loans will be repayable during July 2023 to June 2024.
4. Balance represented certain office lease contracts and machinery lease contracts of which the Group, in the capacity as the lessee, for the remainder of the relevant lease terms amounting to approximately HK\$30,862,000 in aggregate. The lease liabilities of approximately HK\$26,466,000 are secured by certain machinery and equipment of the Group and guaranteed by a Director and a subsidiary of the Group. The remaining balance of the lease liabilities of approximately HK\$4,396,000 are unsecured and not guaranteed.

As at 30 September 2022, the Group has provided corporate guarantees on a several and proportional basis to secure certain banking facilities granted to Petro-king Huizhou which are secured by certain personal and corporate guarantees and certain buildings of Petro-king Huizhou. The Group's exposure under the corporate guarantees provided to Petro-king Huizhou was approximately RMB14,144,000 (equivalent to approximately HK\$15,596,000) as at 30 September 2022.

Save as disclosed above, as at the close of business on 30 September 2022, the Group did not have any other outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, lease liabilities, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, taking into account the consideration to be paid under the Sale and Purchase Agreement, the finance lease arrangements under the Finance Lease Agreement I and the Finance Lease Agreement II, the expected cash flow to be generated from the operating activities, the financial resources available to the Group including cash and cash equivalent on hand, the internally generated funds and the banking and other credit facilities available to the Group, and the new refinancing expected to be obtained from the bank to fund the Group's working capital need for the oilfield and gas field projects, the Group will have sufficient working capital for its present requirements and to repay its financial obligations as and when they fall due for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During the first three quarters of 2022, Brent crude oil price continued to maintain at a high level at approximately US\$85-116/barrel. With the continual rebound and stabilisation of international oil price, market demands for production enhancement services and other oilfield services and products offered by the Group would be improved.

Following completion of various capital increases, and disposal of equity interests, in Petro-king Huizhou and the discontinuation of the Group's manufacturing business in the second quarter of 2021, the principal activities of the Group consisted of the provision of production enhancement services, drilling services, consultancy services and integrated project management services for oilfields and gas fields, with auxiliary activities in the trading of oilfield and gas field related products.

As a result of the relatively high international oil price and China's national policy to secure national energy safety and to encourage shale gas consumption for environmental protection, owners of shale gas fields in the PRC (mostly major national oil companies) have accelerated the construction of their shale gas projects. The Company believes the increasing demand for fracturing services from the construction of shale gas fields in the PRC will continue in the near future and will enhance the performance of the Group's production enhancement business. The Group will continue to monitor the market demands for the Group's production enhancement services so as to assess the needs to purchase additional equipment to enhance its competitiveness and quality of services, as well as to fulfil the uplifted industry standards and requirements. Such purchase of additional equipment, if any, is expected to be funded by obtaining new financing loans and internal financial resources of the Group.

Looking forward, the Group will continue to put efforts into the marketing and promotion of the Group's oilfield services and technologies so as to increase its market penetration. In addition, the Group will continue to explore other investment opportunities with earning potentials to expand its existing operations and to diversify its business, including but not limited to underground thermal energy projects. With the committed efforts of its staff and management, the Company is cautiously optimistic on the prospects of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); (ii) to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules were as follows:

(i) Interest of the Directors

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares interested (Note 1)	Approximate percentage of interest in the Company
Mr. Wang	Interest in a controlled corporation (Note 2)	488,920,138(L)	28.32%
Mr. Zhao Jindong	Beneficial owner (Note 3)	6,000,000(L)	0.35%
Mr. Huang Yu	Beneficial owner (Note 4)	17,954,200(L)	1.04%

Notes:

1. "L" denotes long position and "S" denotes short position.
2. Mr. Wang holds approximately 45.24% of the issued share capital in King Shine Group Limited ("**King Shine**") and King Shine directly holds approximately 28.32% of the total number of issued Shares. Therefore, Mr. Wang is taken to be interested in the number of Shares held by King Shine pursuant to Part XV of the SFO.
3. 6,000,000 share options were granted to Mr. Zhao Jindong on 26 October 2016. Therefore, under Part XV of the SFO, Mr. Zhao Jindong is taken to be interested in the underlying Shares that he is entitled to subscribe for subject to the exercise of the share options granted.

4. 17,000,000 share options were granted to Mr. Huang Yu on 31 May 2019. Therefore, under Part XV of the SFO, Mr. Huang Yu is taken to be interested in the underlying Shares that he is entitled to subscribe for subject to the exercise of the share options granted. Apart from the grant of share options, 954,200 Shares were also beneficially owned by Mr. Huang Yu.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register maintained by the Company pursuant to section 352 of Part XV of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

(ii) Interest of substantial Shareholders and other persons

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested (Note 1)	Approximate percentage of interest in the Company
King Shine	Beneficial owner	488,920,138(L)	28.32%
Ms. Zhou Xiaojun	Interest of spouse (Note 2)	488,920,138(L)	28.32%
Zero Finance Hong Kong Limited ("Zero Finance")	Person having a security interest in shares (Note 3)	488,920,138(L)	28.32%
aEasy Credit Investment Limited	Interest in a controlled corporation (Note 3)	488,920,138(L)	28.32%
Termbray Industries International (Holdings) Limited ("Termbray Industries")	Beneficial owner	1,532,015(L)	0.09%
	Interest in a controlled corporation (Notes 3&4)	488,920,138(L)	28.32%
Lee & Leung (B.V.I.) Limited	Beneficial owner	335,737,745(L)	19.44%
	Interest in a controlled corporation (Notes 3&4)	490,452,153(L)	28.40%

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested (Note 1)	Approximate percentage of interest in the Company
HSBC International Trustee Limited (“HKIT”)	Trustee (Notes 3&4)	826,189,898(L)	47.85%
Mr. Lee Lap	Founder of a discretionary trust (Note 4)	826,189,898(L)	47.85%
Jade Win Investment Limited (“Jade Win”)	Beneficial owner	136,303,475(L)	7.89%
Jade Max Holdings Limited (“Jade Max”)	Interest in a controlled corporation (Note 5)	136,303,475(L)	7.89%
Exceltop Holdings Limited (“Exceltop”)	Interest in a controlled corporation (Note 5)	136,303,475(L)	7.89%
T.C.L. Industries Holdings (H.K.) Limited (“TCL HK”)	Interest in a controlled corporation (Note 5)	136,303,475(L)	7.89%
TCL Corporation	Interest in a controlled corporation (Note 5)	136,303,475(L)	7.89%
UBS Group AG	Interest in a controlled corporation (Note 6)	91,121,334(L)	5.28%
UBS AG	Beneficial owner (Note 7)	670,857(L)	0.05%
		670,857(S)	0.05%
	Person having a security interest in shares (Note 7)	70,093,285(L)	5.68%
Greenwoods Asset Management Hong Kong Limited	Investment Manager (Note 8)	91,121,270(L)	5.28%
Invest Partner Group Limited	Interest in a controlled corporation (Note 8)	91,121,270(L)	5.28%
Mr. Jiang Jinzhi	Interest in a controlled corporation (Note 9)	62,824,713(L)	5.08%

Notes:

1. “L” denotes long position and “S” denotes short position.
2. Ms. Zhou Xiaojun is the spouse of Mr. Wang. Therefore, Ms. Zhou Xiaojun is deemed to be interested in the Shares in which Mr. Wang is interested for the purpose of the SFO.

3. On 26 April 2018, King Shine has charged the 488,920,138 Shares held by it to Zero Finance. Zero Finance is wholly-owned by aEasy Credit Investment Limited, which is wholly-owned by Termbray Wealth Investment Limited (“**Termbray Wealth**”), which is wholly-owned by Termbray Finance Holdings Limited (“**Termbray Finance**”), which is wholly-owned by Termbray Electronics (B.V.I.) Limited (“**Termbray Electronics**”), which is wholly-owned by Termbray Industries (together, the “**Termbray Group**”), which is owned by Lee & Leung (B.V.I.) Limited as to approximately 46.96%, which is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HKIT as trustee for Lee & Leung Family Trust. Therefore, HKIT, Lee & Leung Family Investment Limited, Lee & Leung (B.V.I.) Limited, Termbray Industries, Termbray Electronics, Termbray Finance, Termbray Wealth and aEasy Credit Investment Limited are taken to be interested in the number of Shares in which Zero Finance is interested for the purpose of the SFO. In reliance on the wholly-owned group exemption pursuant to Section 313(10) of the SFO, Lee & Leung Family Investment Limited, Termbray Electronics, Termbray Finance and Termbray Wealth will no longer disclose their interests in listed corporation (i.e. the Company). Lee & Leung Family Investment Limited and Termbray Group’s interests in the Company will be disclosed in filings made by HKIT and Termbray Industries respectively.
4. Lee & Leung (B.V.I.) Limited directly holds approximately 19.44% of the total number of issued Shares. It also holds approximately 46.96% of the issued share capital in Termbray Industries, where Termbray Industries directly holds 1,532,015 Shares and indirectly holds a collateral of 488,920,138 Shares through Zero Finance. Therefore, Lee & Leung (B.V.I.) Limited is taken to be interested in the number of Shares held by Termbray Industries pursuant to Part XV of the SFO. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HKIT as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. Therefore, Mr. Lee Lap, HKIT and Lee & Leung Family Investment Limited are taken to be interested in the number of Shares in which Lee & Leung (B.V.I.) Limited is interested for the purpose of the SFO.
5. TCL Corporation directly holds 100% of the issued share capital of TCL HK, which in turn holds 100% of the issued share capital of Exceltop, which in turn holds 100% of the issued share capital of Jade Max, which in turn holds 100% of the issued share capital of Jade Win. Therefore, TCL Corporation, TCL HK, Exceltop and Jade Max are taken to be interested in the number of Shares directly held by Jade Win pursuant to Part XV of the SFO.
6. Information is extracted from the corporate substantial shareholder notice filed by UBS Group AG on 2 June 2021.
7. Information is extracted from the corporate substantial shareholder notice filed by UBS AG on 9 February 2015.
8. Information is extracted from the corporate substantial shareholder notices filed by Greenwoods Asset Management Hong Kong Limited and Invest Partner Group Limited on 6 January 2021.
9. Information is extracted from the individual substantial shareholder notice filed by Mr. Jiang Jinzhi on 5 February 2015.

As at the Latest Practicable Date, save as disclosed above, the Directors are not aware that there is any party (not being a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, Mr. Wang and Mr. Zhao Jindong are directors of King Shine, a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has or is proposed to have any service contract with any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date, which are or may be material:

- (a) the supplemental agreement dated 30 December 2021 and entered into between Petro-king Holding Limited ("**Petro-king Holding**") and Petro-king Huizhou, pursuant to which Petro-king Holding and Petro-king Huizhou agreed to extend the payment date of HK\$8,000,000 which remained unsettled (the "**Remaining Consideration**") under the equity transfer agreement dated 31 October 2019 (as amended and supplemented by a supplemental agreement dated 6 November 2019) entered into between Petro-king Holding and Petro-king Huizhou in relation to the transfer of 100% equity interest in 百勤石油技術(惠州)有限公司 (Petro-king Oil Technology (Huizhou) Co., Ltd.[#]) by Petro-king Holding to Petro-king Huizhou, from 31 December 2021 to 31 December 2022, as detailed in the announcement of the Company dated 30 December 2021;
- (b) the sale and purchase agreement dated 26 August 2022 entered into between Petro-king (Chongqing) as the purchaser and Sany as the vendor in relation to the purchase of three units of 2500 mechanical fracturing truck (2500型機械式壓裂車), as detailed in the announcement of the Company dated 26 August 2022;

- (c) the sale and purchase agreement dated 26 August 2022 entered into between Petro-king (Chongqing) as the vendor and Sany as the purchaser in relation to the disposal of four units of hydraulic fracturing truck (液壓壓裂車), as detailed in the announcement of the Company dated 26 August 2022;
- (d) the supplemental agreement dated 28 September 2022 entered into between Petro-king (Chongqing) and Sany, pursuant to which Petro-king (Chongqing) and Sany agreed to amend and supplement the payment terms in relation to the purchase of three units of 2500 mechanical fracturing truck (2500型機械式壓裂車), as detailed in the announcement of the Company dated 28 September 2022;
- (e) the finance lease agreement dated 28 September 2022 entered into between Petro-king (Chongqing) as the vendor and lessee and the Lessor as the purchaser and the lessor in relation to a finance lease arrangement for three units of 2500 mechanical fracturing truck (2500型機械式壓裂車), as detailed in the announcement of the Company dated 28 September 2022;
- (f) the supplemental agreement dated 9 November 2022 entered into between Petro-king International Company Limited (“**Petro-king International**”) and Star Petrotech Pte. Ltd. (“**Star Petrotech**”), pursuant to which Petro-king International agreed to offer to Star Petrotech an irrevocable revolving credit facility in a reduced principal amount of up to US\$2.7 million for a term up to 31 December 2024, as detailed in the announcement of the Company dated 9 November 2022;
- (g) the supplemental agreement dated 9 November 2022 entered into between 百勤石油（深圳）有限公司 (Petro-king Oil (Shenzhen) Co., Ltd.#) (“**Petro-king Shenzhen**”), Petro-king Huizhou and Mr. Wang (as the guarantor), pursuant to which (i) Petro-king Shenzhen agreed to continue to offer to Petro-king Huizhou an irrevocable revolving credit facility in the principal amount of up to RMB15 million for a term up to 31 December 2024, and (ii) Mr. Wang agreed to provide a personal guarantee in favour of Petro-king Shenzhen, as detailed in the announcement of the Company dated 9 November 2022; and
- (h) the supplemental agreement dated 9 November 2022 entered into between Petro-king Holding and Petro-king Huizhou, pursuant to which (i) Petro-king Holding agreed to further extend the payment date of the Remaining Consideration from 31 December 2022 to 31 December 2023, and (ii) Mr. Wang agreed to provide a personal guarantee in favour of Petro-king Holding, as detailed in the announcement of the Company dated 9 November 2022.

6. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS, ARRANGEMENTS AND ASSETS

As at the Latest Practicable Date: (i) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and (ii) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.com) and the Company (<http://www.petro-king.cn>) for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the Finance Lease Agreement I;
- (c) the Finance Lease Agreement II;
- (d) the material contracts referred to in the section headed "Material contracts" in this appendix; and
- (e) this circular.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.
- (b) The principal place of business of the Company in Hong Kong is at Suite 1603A, 16/F, Tower 1, Silvercord, 30 Canton Road, Kowloon, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Mr. Tung Tat Chiu, Michael, a practising solicitor in Hong Kong.
- (e) The English text of this circular and the accompanying form of proxy will prevail over the Chinese text in the event of any inconsistency.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Petro-king Oilfield Services Limited (the “**Company**”) will be held at 17th Floor, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 12 December 2022 at 2:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the sale and purchase agreement dated 24 October 2022 (as amended and supplemented by a supplemental agreement dated 24 October 2022) (the “**Sale and Purchase Agreement**”) entered into between Petro-king (Chongqing) Oil and Gas Technical Services Co., Ltd.* (百勤(重慶)油氣工程技術服務有限公司) (“**Petro-king (Chongqing)**”), as the purchaser and Sany Petroleum Intelligent Equipment Co., Ltd* (三一石油智能裝備有限公司) (“**Sany**”) as the vendor in relation to the purchase of the five units of 2500 mechanical fracturing truck (2500型機械式壓裂車) (a copy of which has been tabled at the EGM and marked “A” and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “**Director(s)**”) be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company which he considers necessary or expedient to give effect to the Sale and Purchase Agreement and the transactions contemplated thereunder.”

NOTICE OF THE EGM

2. **“THAT:**

- (a) the finance lease agreement dated 24 October 2022 (as amended and supplemented by a supplemental agreement dated 24 October 2022) (the **“Finance Lease Agreement I”**) entered into between Petro-king (Chongqing) as the vendor and lessee and Sany Financial Leasing Co., Ltd.* (三一融資租賃有限公司) (the **“Lessor”**) as the purchaser and the lessor in relation to a finance lease arrangement for the remaining balance of the purchase of the five units of 2500 mechanical fracturing truck (2500型機械式壓裂車) (a copy of which has been tabled at the EGM and marked “B” and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company which he considers necessary or expedient to give effect to the Finance Lease Agreement I and the transactions contemplated thereunder.”

3. **“THAT:**

- (a) the finance lease agreement dated 24 October 2022 (as amended and supplemented by a supplemental agreement dated 24 October 2022) (the **“Finance Lease Agreement II”**) entered into between Petro-king (Chongqing) as the vendor and lessee and the Lessor as the purchaser and the lessor in relation to a finance lease arrangement for the three units of mechanical fracturing truck (機械式壓裂車) (a copy of which has been tabled at the EGM and marked “C” and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company which he considers necessary or expedient to give effect to the Finance Lease Agreement II and the transactions contemplated thereunder.”

By Order of the Board
Petro-king Oilfield Services Limited
Wang Jinlong
Chairman

Hong Kong, 22 November 2022

Registered office:
Commerce House
Wickhams Cay 1
P.O. Box 3140
Road Town, Tortola
British Virgin Islands
VG1110

Principal place of business in Hong Kong:
Suite 1603A, 16/F
Tower 1, Silvercord
30 Canton Road
Kowloon, Hong Kong

NOTICE OF THE EGM

Notes:

- (a) The register of members of the Company will be closed from Wednesday, 7 December 2022 to Monday, 12 December 2022, both days inclusive, during which period no transfer of shares will be registered. In order to attend the EGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6 December 2022.
- (b) Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).
- (d) Completion and delivery of the form of proxy shall not preclude members from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy previously submitted by such member(s) shall be deemed to be revoked. **In view of the ongoing COVID-19 pandemic, you are encouraged to appoint the chairman of the EGM as proxy to attend and vote on your behalf at the EGM or any adjournment thereof.**
- (e) Where there are joint registered holders of any share(s) of the Company, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall be accepted to the exclusion of the votes of the other joint holders.
- (f) Considering the outbreak of the COVID-19 pandemic, certain measures will be implemented at the EGM with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (A) undergo compulsory body temperature check; and (B) wear surgical masks, prior to admission to the EGM venue; (ii) all attendees being required to wear surgical masks throughout the EGM; (iii) each attendee being assigned a designated seat at the time of registration to reduce interaction between participants; and (iv) no refreshments will be served and there will be no corporate gifts.

The Company reminds attendees that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the EGM (if any).

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

* For identification purposes only.