

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 AND CONNECTED TRANSACTIONS
PROVISION OF FINANCIAL ASSISTANCE;
AND
(II) NOTICE OF THE EGM**

Financial adviser to Petro-king Oilfield Services Limited



SOMERLEY CAPITAL LIMITED

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



FDB Financial Group Ltd
灑展金融集團有限公司

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 25 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 48 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 Wednesday, 21 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.

30 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:

“Announcement”	the announcement of Petro-king Oilfield Services Limited dated 9 November 2022 in relation to, among others, the provision of financial assistance to the Petro-king Huizhou Group
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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 Supplemental Agreements and the respective transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement dated 31 October 2019 (as amended and supplemented by a supplemental agreement dated 6 November 2019 and further amended and supplemented by a supplemental agreement dated 30 December 2021) 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Leung Lin Cheong, Mr. Xin Junhe and Mr. Zhang Dawei, formed to advise the Independent Shareholders in respect of the Transactions
“Independent Financial Adviser”	FDB Financial Group Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	Shareholders other than Mr. Wang and his associates
“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”	24 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facilities”	together, the Loan Facility I and the Loan Facility II
“Loan Facility I”	the loan facilities up to the principal sum of US\$3.5 million made by Petro-king International as the lender to Star Petrotech as the borrower under the loan facility agreement dated 13 November 2020
“Loan Facility II”	the loan facilities up to the principal sum of RMB15.0 million made by Petro-king Shenzhen as the lender to Petro-king Huizhou as the borrower under the loan facility agreement dated 13 November 2020

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
“Personal Guarantee(s)”	the personal guarantee(s) provided by Mr. Wang in favour of the Group in connection with all the contractual repayment obligations of Petro-king Huizhou and Star Petrotech under the Transactions
“Petro-king Holding”	Petro-king Holding Limited, a company incorporated in Hong Kong with limited liability and is directly wholly owned 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
“Petro-king Huizhou Group”	collectively, Petro-king Huizhou and its subsidiaries, including Star Petrotech
“Petro-king International”	Petro-king International Company Limited, a company incorporated in Hong Kong with limited liability and is indirectly wholly owned by the Company
“Petro-king Shenzhen”	百勤石油(深圳)有限公司(Petro-king Oil (Shenzhen) Co., Ltd. [#]), a company established in the PRC with limited liability and is indirectly wholly owned by the Company
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“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
“Remaining Consideration”	the remaining consideration in respect of 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 pursuant to the Equity Transfer 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)
“Star Petrotech”	Star Petrotech Pte. Ltd., a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of Petro-king Huizhou
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement I”	the supplemental agreement dated 9 November 2022 to the Loan Facility I entered into between Petro-king International and Star Petrotech
“Supplemental Agreement II”	the supplemental agreement dated 9 November 2022 to the Loan Facility II entered into between Petro-king Shenzhen and Petro-king Huizhou
“Supplemental Agreement III”	the supplemental agreement dated 9 November 2022 to the Equity Transfer Agreement entered into between Petro-king Holding and Petro-king Huizhou
“Supplemental Agreements”	the Supplemental Agreement I, the Supplemental Agreement II and the Supplemental Agreement III
“Transactions”	collectively, the transactions contemplated under the Supplemental Agreements
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SGD”	Singapore dollars, the lawful currency of Singapore
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	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\$1.08799 and translation of US\$ into HK\$ is based on the exchange rate of US\$1 = HK\$7.85. 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

30 November 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTIONS
PROVISION OF FINANCIAL ASSISTANCE**

INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Supplemental Agreements and the transactions contemplated thereunder; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM.

LETTER FROM THE BOARD

(A) EXTENSION OF THE LOAN FACILITIES

Reference is made to the announcement of the Company dated 15 November 2020, the circular of the Company dated 12 January 2021, and the Announcement in relation to, among others, the extension of provision of the Loan Facilities.

Pursuant to the Loan Facility I, Petro-king International (as the lender) agreed to offer to Star Petrotech (as the borrower) an irrevocable revolving credit facility in the principal amount of up to US\$3.5 million (equivalent to approximately HK\$27.5 million). As at the Latest Practicable Date, the outstanding amount owed by Star Petrotech to Petro-king International under the Loan Facility I is approximately US\$2.6 million (equivalent to approximately HK\$20.4 million). Accrued interests on the outstanding principal amounts under the Loan Facility I have been settled on a regular basis, with the last interest payment covering period up to 31 October 2022. The interests accrued (amounting to approximately US\$14,000 as at the Latest Practicable Date) and to be accrued on the outstanding principal amount are expected to be settled on 31 December 2022. The Loan Facility I will expire on 31 December 2022. On 9 November 2022 (after trading hours), Petro-king International and Star Petrotech entered into the Supplemental Agreement I, 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 (equivalent to approximately HK\$21.2 million) for a term up to 31 December 2024. On the same date, Mr. Wang (as the guarantor) executed a deed of guarantee, so as to provide the Personal Guarantee in favour of Petro-king International in connection with all the contractual repayment obligations of Star Petrotech under the Loan Facility I (as amended and supplemented by the Supplemental Agreement I).

Pursuant to the Loan Facility II, Petro-king Shenzhen (as the lender) agreed to offer to Petro-king Huizhou (as the borrower) an irrevocable revolving credit facility in the principal amount of up to RMB15 million (equivalent to approximately HK\$16.3 million). As at the Latest Practicable Date, the outstanding amount owed by Petro-king Huizhou to Petro-king Shenzhen under the Loan Facility II is approximately RMB14.9 million (equivalent to approximately HK\$16.2 million). Accrued interests on the outstanding principal amounts under the Loan Facility II have been settled on a regular basis, with the last interest payment covering period up to 30 September 2022. The interests accrued (amounting to approximately RMB180,000 as at the Latest Practicable Date) and to be accrued on the outstanding principal amount are expected to be settled on 31 December 2022. The Loan Facility II will expire on 31 December 2022. On 9 November 2022 (after trading hours), Petro-king Shenzhen, Petro-king Huizhou and Mr. Wang (as the guarantor) entered into the Supplemental Agreement II, 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 (equivalent to approximately HK\$16.3 million) for a term up to 31 December 2024, and (ii) Mr. Wang agreed to provide the Personal Guarantee in favour of Petro-king Shenzhen in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement II.

LETTER FROM THE BOARD

The provision of the Loan Facilities has been, and will continue to be, funded by internal resources of the Group.

Summarised below are the principal terms and conditions of the Loan Facility I (as amended and supplemented by the Supplemental Agreement I) and the Loan Facility II (as amended and supplemented by the Supplemental Agreement II):

	Loan Facility I (as amended and supplemented by the Supplemental Agreement I)	Loan Facility II (as amended and supplemented by the Supplemental Agreement II)
Parties:	(1) Petro-king International (as the lender); and (2) Star Petrotech (as the borrower)	(1) Petro-king Shenzhen (as the lender); (2) Petro-king Huizhou (as the borrower); and (3) Mr. Wang (as the guarantor)
Principal amount:	Up to US\$2.7 million (equivalent to approximately HK\$21.2 million)	Up to RMB15 million (equivalent to approximately HK\$16.3 million)
Purpose:	For the borrower's general working capital purpose.	
Interest rate:	The rate of interest applicable to all the outstanding amounts under the relevant loan facility shall be 7% per annum commencing from 1 January 2023. The above interest rate was determined after taking into account, among others, the prevailing market interest rate, the weighted average borrowing cost of the Group and the Personal Guarantee from Mr. Wang. As at 30 September 2022, the weighted average borrowing cost ¹ on bank and other borrowings (including finance lease liabilities) of the Group, bearing effective annual interest rates ranging from 5.5% to 15%, was approximately 6.3% per annum.	
	Interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day year. Interest shall be payable on a quarterly basis, with the first interest payment to be made in 2023 commencing from 31 March 2023.	

¹ Calculated by dividing (a) the sum of the product of (i) each of the bank and other borrowings (including finance lease liabilities) of the Group and (ii) the respective effective annual interest rate, by (b) the sum of total bank and other borrowing (including finance lease liabilities) of the Group.

LETTER FROM THE BOARD

	Loan Facility I (as amended and supplemented by the Supplemental Agreement I)	Loan Facility II (as amended and supplemented by the Supplemental Agreement II)
Term, repayment and prepayment:	All outstanding loan principal and accrued interest under the relevant loan facility shall be repaid on or before 31 December 2024.	
	The borrower shall have the right to make early prepayment to the lender of the whole or any part of the relevant loan facility at any time during the term by giving not less than five business days' written notice of its intention to make prepayment, specifying the principal amount to be prepaid and the date on which prepayment is to be made, and paying all accrued interests on the principal amount prepaid on the date of prepayment.	
Drawdown:	When the borrower wishes to further draw down the relevant loan facility, five business days' irrevocable written notice specifying the amount required and the proposed date of drawdown shall be given from the borrower to the lender.	
Conditions precedent:	The Supplemental Agreement I and the Supplemental Agreement II will become effective, subject to the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the respective transactions contemplated under the Supplemental Agreement I and the Supplemental Agreement II (as the case may be), including but not limited to the Company having obtained the relevant approval from the Independent Shareholders at the EGM.	
Default interest:	In the event that the borrower fails to repay any sum outstanding (including loan principal and accrued interest (if any)) to the lender under the loan facility when it falls due, the borrower shall pay to the lender interest at a default rate of 18% per annum (on the basis of a 365-day year) on such overdue sum for the period from and including the due date up to and including the date of actual receipt of payment by the lender.	In the event that the borrower fails to repay any sum outstanding (including loan principal and accrued interest (if any)) to the lender under the loan facility when it falls due, in addition to the interest as mentioned above, the borrower shall pay to the lender an additional default interest of 0.03% per day on such overdue sum for the period from and including the due date up to and including the date of actual receipt of payment by the lender.

LETTER FROM THE BOARD

Loan Facility I (as amended and supplemented by the Supplemental Agreement I)

Loan Facility II (as amended and supplemented by the Supplemental Agreement II)

Events of default: Upon the occurrence of any event of default as described in the Loan Facility I (as amended and supplemented by the Supplemental Agreement I) or the Loan Facility II (as amended and supplemented by the Supplemental Agreement II) (as the case may be), the lender has the right to declare the relevant loan facility to be cancelled, and demand immediate payment of any sum outstanding (including loan principal and accrued interest (if any)) with immediate effect.

Right of set-off: In the event that the borrower fails to honour its contractual repayment obligations (including loan principal, accrued interest and/or other fees (if any)), under the relevant loan facility, the lender will have the right to offset (i) any outstanding account payables and/or other money owing (as applicable) to the borrower (including its subsidiaries) by the lender (including the Company and its subsidiaries) against (ii) any obligations and liabilities outstanding under the relevant loan facility, subject to all applicable law, rules and regulations, including the foreign exchange control law, rules and regulations in the PRC. The borrower does not have such right of set-off.

For the avoidance of doubt, the parties shall, and shall procure such relevant parties to, do such further act(s) and thing(s) and enter into such further agreement(s) and document(s) as may be necessary or desirable to carry into or to give effect to the above arrangement.

For the avoidance of doubt, the relevant parties shall enter into separate agreement(s) to agree on the details of the above arrangement.

Undertakings: Before full repayment of the relevant loan facility, the borrower agreed to provide the following undertakings in favour of the lender:

- i. the borrower shall seek prior written consent from the lender for any of its acquisitions, investments and/or capital expenditures, if the amount of which exceeds 25% of its consolidated total assets as set out in its latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in Singapore or the PRC (as the case may be);

LETTER FROM THE BOARD

Loan Facility I (as amended and supplemented by the Supplemental Agreement I)

Loan Facility II (as amended and supplemented by the Supplemental Agreement II)

- ii. the debt-to-assets ratio (calculated by dividing consolidated total liabilities by consolidated total assets as set out in the latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in Singapore or the PRC (as the case may be)) of the borrower shall not exceed 75%;
- iii. on a monthly basis, the borrower shall provide the full set of its consolidated management accounts (including but not limited to statements of financial position and profit or loss), prepared in accordance with the Financial Reporting Standards in Singapore or the PRC (as the case may be) to the lender; and
- iv. on a semi-annual basis, the borrower shall provide an update on its consolidated cash flow forecast for the year(s) ending 31 December 2024 to the lender.

In the event that any of the above undertakings is breached, the borrower shall inform the lender in writing promptly or on the same date on which such breach has come to its knowledge, and rectify the breach within seven calendar days after notifying the lender. Failing to do so constitutes an event of default under the relevant loan facility.

Guarantee:

Pursuant to the deed of guarantee dated 9 November 2022, Mr. Wang agreed to provide a personal guarantee in favour of Petro-king International in connection with all the contractual repayment obligations of Star Petrotech under the Loan Facility I (as amended and supplemented by the Supplemental Agreement I).

Pursuant to the Supplemental Agreement II, Mr. Wang agreed to provide a personal guarantee in favour of Petro-king Shenzhen for the joint and several liabilities in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement II.

LETTER FROM THE BOARD

(B) EXTENSION OF PAYMENT DATE OF THE REMAINING CONSIDERATION UNDER THE EQUITY TRANSFER AGREEMENT

Reference is made to the announcements of the Company dated 30 December 2021 and 10 January 2022 and the Announcement in relation to the extension of payment date of the Remaining Consideration.

Pursuant to the Equity Transfer Agreement, Petro-king Holding and Petro-king Huizhou agreed to extend the payment date of the Remaining Consideration to 31 December 2022. As at the Latest Practicable Date, the Remaining Consideration of RMB8.0 million (equivalent to approximately HK\$8.7 million) under the Equity Transfer Agreement remained unsettled. Accrued interests on the Remaining Consideration under the Equity Transfer Agreement have been settled on a regular basis, with the last interest payment covering period up to 30 September 2022. The interests accrued (amounting to approximately RMB96,000 as at the Latest Practicable Date) and to be accrued on the Remaining Consideration under the Equity Transfer Agreement are expected to be settled on 31 December 2022. On 9 November 2022 (after trading hours), Petro-king Holding, Petro-king Huizhou, and Mr. Wang (as the guarantor) entered into the Supplemental Agreement III, 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 the Personal Guarantee in favour of Petro-king Holding in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement III.

No further financial resources will need to be funded by the Group as the financial assistance to Petro-king Huizhou in relation to the Remaining Consideration will involve no future cash outflow from the Group.

Summarised below are the principal terms and conditions in relation to the Remaining Consideration under the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement III):

Parties:	(1) Petro-king Holding;
	(2) Petro-king Huizhou; and
	(3) Mr. Wang (as the guarantor)
Remaining Consideration:	RMB8.0 million (equivalent to approximately HK\$8.7 million)

LETTER FROM THE BOARD

Interest rate: The rate of interest applicable to the Remaining Consideration shall be 7% per annum commencing from 1 January 2023. The above interest rate was determined after taking into account, among others, the prevailing market interest rate, the weighted average borrowing cost of the Group, and the Personal Guarantee from Mr. Wang. As at 30 September 2022, the weighted average borrowing cost¹ on bank and other borrowings (including finance lease liabilities) of the Group, bearing effective annual interest rates ranging from 5.5% to 15%, was approximately 6.3% per annum.

Interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day year. Payment of interest shall be made by Petro-king Huizhou on a quarterly basis, with the first interest payment to be made in 2023 commencing from 31 March 2023 and all accrued and unpaid interest (if any) shall be paid upon the settlement in full of the Remaining Consideration.

Term and repayment: Petro-king Huizhou shall settle the Remaining Consideration and all accrued and unpaid interest (if any) to Petro-king Holding on or before 31 December 2023.

Petro-king Huizhou may, at any time prior to 31 December 2023, make early repayment of the whole or any part of the Remaining Consideration, and the interest of which shall be calculated at the abovementioned interest rate.

Conditions precedent: The Supplemental Agreement III will become effective, subject to 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 Supplemental Agreement III, including but not limited to the Company having obtained approval from the Independent Shareholders at the EGM.

¹ Calculated by dividing (a) the sum of the product of (i) each of the bank and other borrowings (including finance lease liabilities) of the Group and (ii) the respective effective annual interest rate, by (b) the sum of total bank and other borrowing (including finance lease liabilities) of the Group.

LETTER FROM THE BOARD

- Default interest: In the event that Petro-king Huizhou fails to repay any outstanding sum (including the Remaining Consideration and accrued interest and/or other fees (if any)) to Petro-king Holding under the Supplemental Agreement III when it falls due, in addition to the interest as mentioned above, Petro-king Huizhou shall pay to Petro-king Holding an additional default interest of 0.03% per day on such overdue sum for the period from and including the due date up to and including the date of actual receipt of payment by Petro-king Holding.
- Events of default: Upon the occurrence of any event of default as described in the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement III), Petro-king Holding has the right to (a) demand immediate payment of any sum outstanding (including the Remaining Consideration and accrued interests (if any)) and/or (b) terminate the responsibilities and obligations of Petro-king Holding under the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement III) with immediate effect.
- Undertakings: Before full repayment of all outstanding sums to Petro-king Holding under the Supplemental Agreement III, Petro-king Huizhou agreed to provide the following undertakings in favour of Petro-king Holding:
- i. Petro-king Huizhou shall seek prior written consent Petro-king Holding for any of its acquisitions, investments and/or capital expenditures, if the amount of which exceeds 25% of its consolidated total assets as set out in its latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in the PRC;
 - ii. the debt-to-assets ratio (calculated by dividing consolidated total liabilities by consolidated total assets as set out in the latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in the PRC) of Petro-king Huizhou shall not exceed 75%;

LETTER FROM THE BOARD

- iii. on a monthly basis, Petro-king Huizhou shall provide the full set of its consolidated management accounts (including but not limited to statements of financial position and profit or loss), prepared in accordance with the Financial Reporting Standards in the PRC to Petro-king Holding; and
- iv. on a semi-annual basis, Petro-king Huizhou shall provide an update on its consolidated cash flow forecast for the year(s) ending 31 December 2024 to Petro-king Holding.

In the event that any of the above undertakings is breached, Petro-king Huizhou shall inform Petro-king Holding in writing on the same date on which such breach has come to its knowledge, and rectify the breach within seven calendar days after notifying Petro-king Holding. Failing to do so constitutes an event of default under the Supplemental Agreement III.

Guarantee: Mr. Wang agreed to provide a personal guarantee in favour of Petro-king Holding for the joint and several liabilities in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement III.

BACKGROUND TO, REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group has a long and stable cooperative relationship with, and has been providing financial assistance to, the Petro-king Huizhou Group for a long period of time. Petro-king Huizhou was a subsidiary of the Company prior to June 2021. Following (i) certain rounds of capital increases by various parties to Petro-king Huizhou, and (ii) the partial disposal of the Group's equity interest in Petro-king Huizhou and Star Petrotech, the Petro-king Huizhou Group ceased to be subsidiaries of the Company and has been accounted for as interest in an associate since June 2021. As at the Latest Practicable Date, the Group holds approximately 32.73% equity interest in Petro-king Huizhou. In addition to the above shareholding relationship, the Group conducts business transactions with the Petro-king Huizhou Group as a strategic partner, including the purchases of well completion products, production enhancement products and drilling products for the Group's operation as detailed in the announcement of the Company dated 12 October 2022.

LETTER FROM THE BOARD

The amounts owed by the Petro-king Huizhou Group to the Group under the Loan Facilities and the Equity Transfer Agreement will expire by the end of this year. The Company considers it beneficial to extend the repayment terms in order to facilitate the continuous operation and development of the Petro-king Huizhou Group. By extending the financial assistance, the Group will be benefited from (i) a healthier financial position of the Petro-king Huizhou Group, enabling it to continue its principal businesses, which is in the interest of the Group both as a lender and as a shareholder of Petro-king Huizhou, and (ii) receiving interest income on the outstanding amounts under such financial assistance at a rate higher than the weighted average borrowing cost of the Group. As a newly added protection mechanism to support the extension of such financial assistance, Mr. Wang agreed to provide the Personal Guarantees in favour of the Group in connection with all the contractual repayment obligations of Petro-king Huizhou and Star Petrotech under the Transactions. The above, together with additional undertakings and internal control measures in place as further set out below, offer a higher level of protection to safeguard the interests of the Company and its Shareholders as a whole.

The business environment in the oil and gas industry was difficult in 2020 and 2021, mainly due to the volatile international oil price, the weak demand for global energy consumption and uncertain global economy as negatively affected by the COVID-19 pandemic. However, Brent crude oil price continued to rebound in 2022 and stayed largely about 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. As a result of 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 has in turn stimulated market demands for oilfield and gas field products in the PRC. The extension of the financial assistance to the Petro-king Huizhou Group would enable it to benefit from such market opportunities in the foreseeable future.

The Company has been negotiating with the Petro-king Huizhou Group regarding the repayment of the outstanding amounts under the Loan Facilities and the Equity Transfer Agreement in recent months. The Company has been informed that the Petro-king Huizhou Group needs to retain its financial resources to support its daily operations, and that substantial liquidity issues may ensue if the Petro-king Huizhou Group is required to repay in full all outstanding amounts under the Loan Facilities and the Equity Transfer Agreement when they fall due by the end of this year, in light of the difficult business environment in the past two years as described above and its relatively tight liquidity position. Based on the business and financial information provided by the Petro-king Huizhou Group, its business is expected to gradually improve in the coming one to two years, and will be able to meet its repayment obligations by the end of 2024. In particular, the Company has conducted due diligence and assessment on the repayment capability of the Petro-king Huizhou Group, for example, by reviewing Petro-king Huizhou and Star Petrotech's latest financial position as at 30 September 2022, their recent business performance, confirmed and expected sales orders on hand, and cash flow forecast for the two years ending 31 December 2024. Based on the above, together with (i) the enhanced risk-monitoring mechanism pursuant to the additional undertakings by Petro-king Huizhou and Star Petrotech as set out in the Supplemental Agreements,

LETTER FROM THE BOARD

including the requirement of prior written consent from the Group with regard to their major corporate actions and the provision of consolidated management accounts on a regular basis, (ii) the Personal Guarantees from Mr. Wang in favour of the Group, as well as (iii) the Group's internal control measures as set out below, the Group considers the extension of the financial assistance to the Petro-king Huizhou Group, on balance, to be the preferable alternative, allowing the Petro-king Huizhou Group to benefit from the abovementioned market opportunities and to avoid a significant liquidity shortage arising from full repayment of the outstanding financial assistance to the Group, and at the same time allowing the Group to earn interest income from such financial assistance.

The Company has nominated one director out of three at the board of directors of Petro-king Huizhou as at the Latest Practicable Date, and the consolidated financial statements of the Petro-king Huizhou Group are provided to the Company on a regular basis, such that the Company could continuously monitor the financial performance and position of the Petro-king Huizhou Group. Given no further funding is required from the Company, the Transactions will not have any material adverse effect on the financial position of the Group.

Taking into account the above, the strategic relationship between the Group and the Petro-king Huizhou Group and the interest returns to be earned on the outstanding amounts, the Directors (excluding Mr. Wang and Mr. Huang Yu) consider that the Supplemental Agreements, which have been entered into after arm's length negotiation between the Group and the Petro-king Huizhou Group, are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Since Mr. Wang (a non-executive Director and chairman of the Company) and Mr. Huang Yu (an executive Director and chief executive officer of the Company) are also directors of Petro-king Huizhou, they have both abstained from voting on the relevant board resolutions approving the Supplemental Agreements and the transactions contemplated thereunder to avoid any potential conflict of interest.

INTERNAL CONTROL MEASURES

In order to protect the interests of the Shareholders, the Group will adopt the following internal control measures in relation to the provision of financial assistance by the Group to the Petro-king Huizhou Group during the term of the Supplemental Agreements:

- (i) The current limits under the Loan Facilities have almost been fully utilised as at the Latest Practicable Date. The Group shall have the absolute discretion to decide whether to allow any part of the prepaid amounts to be reborrowed within the limit under the Loan Facilities, based on the information provided by Petro-king Huizhou and Star Petrotech at the time of its drawdown application. As such, the Group shall be under no obligation to release any part of the prepaid amounts to be reborrowed by Petro-king Huizhou and/or Star Petrotech and shall have the absolute right to reject the drawdown application for the reborrowing of any prepaid amounts. Before approving any part of the prepaid amounts to be reborrowed within the limit under the

LETTER FROM THE BOARD

Loan Facilities, the treasury manager of the Group will review details of the loan drawdown application and analyse the working capital and liquidity position of the Group and the Petro-king Huizhou Group. The treasury manager will then report to the general manager of the finance department and the chief financial officer of the Group for approval. The chief financial officer will seek approval from Mr. Zhao Jindong, an executive Director, should he have any concern about the business or financial position of Petro-king Huizhou and Star Petrotech;

- (ii) Petro-king Huizhou and Star Petrotech shall use the loan strictly in accordance with the purpose specified in the Loan Facilities, and Petro-king Huizhou and Star Petrotech shall provide, among others, its consolidated management accounts to the Group on a monthly basis. Pursuant to the undertakings as set out in the Loan Facilities, Petro-king Huizhou and Star Petrotech are required to seek prior written consent from the Group for any of their acquisitions, investments and/or capital expenditures, if the amount of which exceeds 25% of their respective consolidated total assets, and the Group has the right to disapprove the proposed action(s); and
- (iii) The Group has conducted due diligence and assessment on the repayment capability of the Petro-king Huizhou Group, for example, by reviewing Petro-king Huizhou and Star Petrotech's latest financial position as at 30 September 2022, their recent business performance, confirmed and expected sales orders on hand, and cash flow forecast for the two years ending 31 December 2024. Pursuant to the undertakings as set out in the Loan Facilities, Petro-king Huizhou and Star Petrotech are required to provide update(s) on the consolidated cash flow forecast for the year(s) ending 31 December 2024 on a semi-annual basis.

There is a proper and complete separation of duties, and no staff, senior management, director or shareholder (except for the Company and its nominee) of the Petro-king Huizhou Group will be involved in the above internal control and approval procedures. Based on the above internal control measures in place, and taking into account the Personal Guarantees from Mr. Wang in favour of the Group, the Company considers that the recovery risks of the loans under the Loan Facilities are adequately addressed.

FINANCIAL IMPACT OF THE TRANSACTIONS

The amounts under the Loan Facilities and the Equity Transfer Agreement will continue to be recorded as other receivables – related parties under non-current assets or current assets of the Group. The interest earned from the amounts under the Loan Facilities and the Equity Transfer Agreement will be recorded as interest income 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.

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LISTING RULES IMPLICATIONS

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. As at the Latest Practicable Date, Mr. Wang and his associates are also substantial shareholders of Petro-king Huizhou and together are interested in approximately 33.21% of the equity interest in Petro-king Huizhou. Star Petrotech is a wholly-owned subsidiary of Petro-king Huizhou. Based on the above, Petro-king Huizhou and Star Petrotech are associates of Mr. Wang and also connected persons of the Company under Chapter 14A of the Listing Rules.

The Transactions constitute the provision of financial assistances by the Group to the Petro-king Huizhou Group and connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transactions, both on standalone and aggregate basis, exceeds 5%, the Transactions are subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Transactions, on an aggregate basis, is more than 25% but less than 100%, the Transactions also constitute a major transaction of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The provision of the Personal Guarantees to the Group by Mr. Wang is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules, as the provision of such Personal 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.

INFORMATION ON 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 International and Petro-king Holding are companies incorporated in Hong Kong with limited liability. Petro-king Shenzhen is a company established under the laws of the PRC with limited liability. Each of Petro-king International, Petro-king Holding and Petro-king Shenzhen is a wholly-owned subsidiary of the Company.

Petro-king International is principally engaged in the provision of oilfield project tools and services and consultancy services. Petro-king Shenzhen is principally engaged in investment holding in the PRC. Petro-king Holding is principally engaged in investment holding in Hong Kong.

LETTER FROM THE BOARD

INFORMATION ON PETRO-KING HUIZHOU AND STAR PETROTECH

Petro-king Huizhou is a company established under the laws of the PRC with limited liability and is principally engaged in the research and development, production and trading of oilfield and gas field related products. Star Petrotech is a wholly-owned subsidiary of Petro-king Huizhou. Star Petrotech is a company incorporated in Singapore with limited liability and is principally engaged in the manufacturing and repairing of other oilfield and gas field machinery and equipment.

As at the Latest Practicable Date, Petro-king Huizhou is (i) approximately 32.73% owned by the Group, (ii) approximately 24.15% directly owned by Mr. Wang and his associates, (iii) approximately 9.06% owned by Mr. Wang through his associate 深圳市龍跃管理諮詢合夥企業(有限合夥)(Shenzhen Longyue Management Consulting Partnership Enterprise (Limited Partnership)[#]) (the “**Employee Partnership Enterprise I**”), (iv) approximately 6.89% owned by 深圳市龍凱管理諮詢合夥企業(有限合夥)(Shenzhen Longkai Management Consulting Partnership Enterprise (Limited Partnership)[#]) (the “**Employee Partnership Enterprise II**”), (v) approximately 4.96% owned by 深圳市凱安管理諮詢合夥企業(有限合夥)(Shenzhen Kaian Management Consulting Partnership Enterprise (Limited Partnership)[#]) (“**Shenzhen Kaian**”), (vi) approximately 2.48% owned by Mr. Zhou Xian, (vii) approximately 2.48% owned by 東方港灣(橫琴)投資管理有限公司(Dongfang Gangwan (Hengqin) Investment Management Co., Ltd.[#]) (“**Dongfang Gangwan**”), (viii) approximately 2.48% owned by Mr. Zhang Houdong, (ix) approximately 2.48% owned by Mr. Fang Yonghao, (x) approximately 2.48% owned by Mr. Yang Hongjun, (xi) approximately 2.26% owned by Mr. Zhang Shiqiang, (xii) approximately 2.06% owned by Mr. Zhou Xiaoping, (xiii) approximately 1.98% owned by Mr. Dai Shaoyue, (xiv) approximately 1.93% owned by 寧波梅山保稅港區準睿創業投資合夥企業(有限合夥)¹ (Ningbo Meishan Free Trade Zone Zhunrui Entrepreneur Investment Partnership Enterprise (Limited Partnership)[#]) (the “**Zhunrui Partnership**”), (xv) approximately 0.87% owned by Mr. Chen Jianwei, and (xvi) approximately 0.70% owned by Ms. Xue Mei.

The Employee Partnership Enterprise I is a special investment vehicle and is principally engaged in investment in equity interest in Petro-king Huizhou. The Employee Partnership Enterprise I is managed by the general partner, namely Mr. Wang. Mr. Wang and his associate held 53% interest in the Employee Partnership Enterprise I as at the Latest Practicable Date and accordingly, the Employee Partnership Enterprise I is an associate of Mr. Wang and a connected person of the Company. The Employee Partnership Enterprise I has 17 limited partners, all of them are existing employees of Petro-king Huizhou. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, except one limited partner who is an associate of Mr. Wang, all remaining limited partners of the Employee Partnership Enterprise I are natural persons who are Independent Third Parties.

¹ The name of the Zhunrui Partnership has been changed from 寧波梅山保稅港區準睿股權投資合夥企業(有限合夥) to 寧波梅山保稅港區準睿創業投資合夥企業(有限合夥) in August 2022.

LETTER FROM THE BOARD

The Employee Partnership Enterprise II is a special investment vehicle and is principally engaged in investment in equity interest in Petro-king Huizhou. The Employee Partnership Enterprise II is managed by the general partner, namely Mr. Shi Junyi, a natural person who is a former employee of the Group and is an Independent Third Party. Mr. Shi Junyi held approximately 13.89% as the single largest partner in the Employee Partnership Enterprise II as at the Latest Practicable Date. The Employee Partnership Enterprise II has 34 limited partners, 12 of them are existing employees of the Group, and 17 of them are existing employees of Petro-king Huizhou. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, all of the limited partners of the Employee Partnership Enterprise II are natural persons who are Independent Third Parties.

Shenzhen Kaian is a special investment vehicle and is principally engaged in equity investment. Shenzhen Kaian is owned as to approximately 99.9% by Mr. Zhang Yang as the limited partner and as to approximately 0.1% by 深圳市凱華投資管理有限公司 (Shenzhen Kaihua Investment Management Co., Ltd.[#]) (“**Shenzhen Kaihua**”) as the general partner. The general partner and the limited partner of Shenzhen Kaihua is 吳瑛 and 張浩宇 respectively, holding approximately 90% and 10% interest in Shenzhen Kaihua, respectively as at the Latest Practicable Date. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the limited partner and the general partner of Shenzhen Kaian (including its ultimate beneficial owners) is an Independent Third Party.

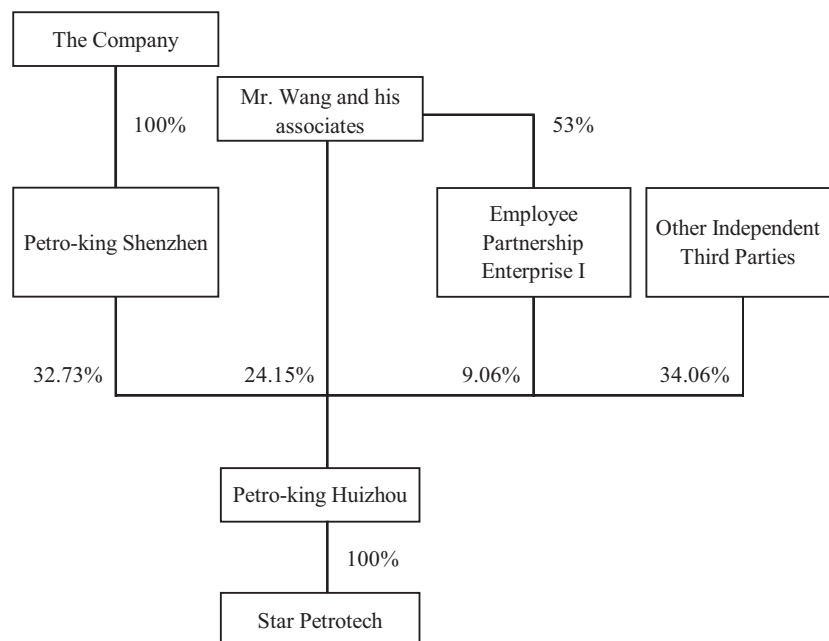
To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of Mr. Zhou Xian, Mr. Zhang Houdong, Mr. Fang Yonghao, Mr. Yang Hongjun, Mr. Zhang Shiqiang, Mr. Zhou Xiaoping, Mr. Dai Shaoyue, Mr. Chen Jianwei and Ms. Xue Mei is a natural person who is an Independent Third Party.

Dongfang Gangwan is a company established in the PRC with limited liability and is principally engaged in investment management, assets management and equity investment. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Dongfang Gangwan is wholly owned by 深圳東方港灣投資管理股份有限公司 (Shenzhen Dongfang Gangwan Investment Management Co., Ltd.[#]), which is in turn owned by 但斌, 張敏, 周明波, 鄭衛峰, 吳惠玲, 黃海平 and 任仁雄 as to approximately 78.75%, 5.625%, 5.625%, 5%, 2%, 2% and 1% respectively as at the Latest Practicable Date, all of them are Independent Third Parties.

The Zhunrui Partnership is principally engaged in investment in equities and has 8 partners, with 寧波市九天矩陣投資管理有限公司 (Ningbo Jiutian Juzhen Investment Management Limited[#]), the principal business of which is investment management, acting as the general partner and 袁冰, 何陟華, 朱亞軍, 淨春梅, 張純, 周文 and 馬華 as limited partners, holding approximately 1.3%, 47.4%, 17.1%, 11.8%, 8.3%, 4.8%, 4.6% and 4.6%, respectively, in the Zhunrui Partnership as at the Latest Practicable Date. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the general partner (including its ultimate beneficial owners) and limited partners is an Independent Third Party.

LETTER FROM THE BOARD

The diagram below illustrates the simplified shareholding structure of Petro-king Huizhou and Star Petrotech as at the Latest Practicable Date:



INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Transactions. FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM AND PROXY ARRANGEMENT

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, pass the relevant resolutions to approve the Supplemental Agreements and the respective transactions contemplated thereunder.

In view of Mr. Wang's interests in Petro-king Huizhou, Mr. Wang and his associates are required to abstain and shall abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements and the respective transactions contemplated thereunder. As at the Latest Practicable Date, to the extent that the Directors are aware having made all reasonable enquiries, Mr. Wang and his associates hold 488,920,138 Shares, and they control or are entitled to exercise control over the voting rights in respect of their respective Shares. Except for the above, as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Mr. Wang and his associates, no other Shareholder will be required to abstain from voting on the relevant resolutions approving the Supplemental Agreements 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 Wednesday, 21 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 (excluding Mr. Wang and Mr. Huang Yu) are of the view that the Supplemental Agreements, which have been entered into after arm's length negotiation between the Group and the Petro-king Huizhou Group, are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding Mr. Wang and Mr. Huang Yu) recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements and the respective transactions contemplated thereunder.

The Independent Financial Adviser, having taken into account the principal factors and reasons as set out in its letter, considers that, although the transactions contemplated under the Supplemental Agreements are not in the ordinary and usual course of business of the Company, the Supplemental Agreements are entered into on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and its Shareholders as a whole. Accordingly, the Independent Financial Adviser recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements and the respective transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, considers that, although the transactions contemplated under the Supplemental Agreements are not in the ordinary and usual course of business of the Company, the Supplemental Agreements are entered into on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements and the respective transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 26 to 27 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 28 to 48 of this circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders. 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its advice and recommendation to the Independent Shareholders in respect of the Supplemental Agreements and the transactions contemplated thereunder.



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)

30 November 2022

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE

We refer to the circular of the Company dated 30 November 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether, in our opinion, the Supplemental Agreements are entered into in the ordinary and usual course of business of the Group, and the terms of the Supplemental Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned.

FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. We wish to draw your attention to the letter from the Board set out on pages 7 to 25 of the Circular, and the letter from the Independent Financial Adviser to us and the Independent Shareholders set out on pages 28 to 48 of the Circular, which contains its advice and recommendation in respect of the Supplemental Agreements and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, we consider that, although the transactions contemplated under the Supplemental Agreements are not in the ordinary and usual course of business of the Company, the Supplemental Agreements are entered into on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements and the respective transactions contemplated thereunder.

Yours faithfully,
For and on behalf of

Independent Board Committee

Mr. Leung Lin Cheong

Mr. Xin Junhe

Mr. Zhang Dawei

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from FDB Financial Group Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreements and the respective transactions contemplated thereunder.

30 November 2022

To: *The Independent Board Committee and the Independent Shareholders
of Petro-king Oilfield Services Limited*

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements and the respective transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 30 November 2022 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the Announcement in relation to the Supplemental Agreements.

On 9 November 2022 (after trading hours), Petro-king International and Star Petrotech entered into the Supplemental Agreement I, 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 (equivalent to approximately HK\$21.2 million) for a term up to 31 December 2024. On the same date, Mr. Wang (as the guarantor) executed a deed of guarantee, so as to provide the Personal Guarantee in favour of Petro-king International in connection with all the contractual repayment obligations of Star Petrotech under the Loan Facility I (as amended and supplemented by the Supplemental Agreement I).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 9 November 2022 (after trading hours), Petro-king Shenzhen, Petro-king Huizhou and Mr. Wang entered into the Supplemental Agreement II, 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 (equivalent to approximately HK\$16.3 million) for a term up to 31 December 2024, and (ii) Mr. Wang agreed to provide the Personal Guarantee in favour of Petro-king Shenzhen in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement II.

On 9 November 2022 (after trading hours), Petro-king Holding, Petro-king Huizhou, and Mr. Wang entered into the Supplemental Agreement III, pursuant to which (i) Petro-king Holding agreed to further extend the payment date of the Remaining Consideration of RMB8.0 million (equivalent to approximately HK\$8.7 million) from 31 December 2022 to 31 December 2023, and (ii) Mr. Wang agreed to provide the Personal Guarantee in favour of Petro-king Holding in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement III.

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. As at the Latest Practicable Date, Mr. Wang and his associates are also substantial shareholders of Petro-king Huizhou and together are interested in approximately 33.21% of the equity interest in Petro-king Huizhou. Star Petrotech is a wholly-owned subsidiary of Petro-king Huizhou. Based on the above, Petro-king Huizhou and Star Petrotech are associates of Mr. Wang and also connected persons of the Company under Chapter 14A of the Listing Rules.

The Transactions constitute the provision of financial assistances by the Group to the Petro-king Huizhou Group and connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Transactions, both on standalone and aggregate basis, exceeds 5%, the Transactions are subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Transactions, on an aggregate basis, exceeds 25% but less than 100%, the Transactions also constitute a major transaction of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors), namely, Mr. Leung Lin Cheong, Mr. Xin Junhe and Mr. Zhang Dawei, has been established in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Supplemental Agreements and the respective transactions contemplated thereunder. We, FDB Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Agreements and the respective transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Independent Shareholders are concerned, in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favour of the approval of the Supplemental Agreements and the respective transactions contemplated thereunder.

OUR INDEPENDENCE

During the past two years, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for the following transaction:

Date of our letter of advice	Nature of transaction
7 November 2022	Continuing connected transactions — Revision of annual caps for the framework sale and purchase agreement

Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned appointment would not affect our independence, and that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Company's annual report for the year ended 31 December 2021; (ii) the Company's interim report for the six months ended 30 June 2022 (the "**Interim Report**"); (iii) the Supplemental Agreements; (iv) the Announcement; and (v) other information as set out in the Circular. In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company.

The 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 Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the 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 therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Supplemental Agreements.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Supplemental Agreements and the respective transactions contemplated thereunder. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing whether the terms of the Supplemental Agreements and the respective transactions contemplated thereunder are on normal commercial terms and are fair and reasonable as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the 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 International and Petro-king Holding are companies incorporated in Hong Kong with limited liability. Petro-king Shenzhen is a company established under the laws of the PRC with limited liability. Each of Petro-king International, Petro-king Holding and Petro-king Shenzhen is a wholly owned subsidiary of the Company.

Petro-king International is principally engaged in the provision of oilfield project tools and services and consultancy services. Petro-king Shenzhen is principally engaged in investment holding in the PRC. Petro-king Holding is principally engaged in investment holding in Hong Kong.

2. Background information of Petro-king Huizhou and Star Petrotech

As at the Latest Practicable Date, Petro-king Huizhou is a company established under the laws of the PRC with limited liability and is approximately 32.73% owned by the Group, 33.21% owned by Mr. Wang and his associates and the remaining 34.06% interests are owned by certain individuals and entities (each holding less than 10% interests). Petro-king Huizhou is a company established in the PRC and is principally engaged in the research and development, production and trading of oilfield and gas field related products. As at the Latest Practicable Date, Star Petrotech is a wholly-owned subsidiary of Petro-king Huizhou. Star Petrotech is a company incorporated in Singapore with limited liability and is principally engaged in the manufacturing and repairing of oilfield and gas field products, machinery and equipment.

As per the management accounts of Petro-king Huizhou provided by the Company, Petro-king Huizhou recorded a loss after tax of approximately RMB7.4 million and RMB11.1 million for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively. As at 31 December 2021, Petro-king Huizhou recorded net assets and bank balance and cash of approximately RMB119.7 million and RMB12.3 million, respectively. As at 30 September 2022, Petro-king Huizhou recorded net assets and bank balance and cash of approximately RMB125.6 million and RMB1.3 million, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As per the management accounts of Star Petrotech provided by the Company, Star Petrotech recorded a profit after tax of approximately SGD0.4 million and SGD0.3 million for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively. As at 31 December 2021, Star Petrotech recorded net assets and bank balance and cash of approximately SGD7.3 million and SGD0.5 million, respectively. As at 30 September 2022, Star Petrotech recorded net assets and bank balance and cash of approximately SGD9.2 million and SGD0.2 million, respectively.

3. Reasons for and benefits of entering into the Supplemental Agreements

As disclosed in the Letter from the Board, the amounts owed by the Petro-king Huizhou Group to the Group under the Loan Facilities and the Equity Transfer Agreement will expire by the end of this year. The Company is of the view that it is beneficial to extend the repayment terms in order to facilitate the continuous operation and development of the Petro-king Huizhou Group. By extending the financial assistance, the Group will be benefited from (i) a healthier financial position of the Petro-king Huizhou Group, enabling it to continue its principal businesses, which is in the interest of the Group both as a lender and as a shareholder of Petro-king Huizhou, and (ii) receiving interest income on the outstanding amounts under such financial assistance at a rate higher than the weighted average borrowing cost of the Group.

As advised by the management of the Company, the Group has been providing financial assistance to the Petro-king Huizhou and/or its subsidiaries, since 2012. As stated in the Letter from the Board, Petro-king Huizhou was a subsidiary of the Company prior to June 2021. Following (i) certain rounds of capital increases by various parties to Petro-king Huizhou, and (ii) the partial disposal of the Group's equity interest in Petro-king Huizhou and Star Petrotech, the Petro-king Huizhou Group ceased to be subsidiaries of the Company and has been accounted for as interest in an associate since June 2021. As at the Latest Practicable Date, the Group holds approximately 32.73% equity interest in Petro-king Huizhou. The management of the Company advised that, in addition to the above shareholding relationship, the Group has been procuring well completion products, production enhancement products and drilling products from the Petro-king Huizhou Group in its ordinary and usual course of business since 2015. As such, we consider that the Group has a long and stable cooperative relationship with, and has been providing financial assistance to, the Petro-king Huizhou Group for a long period of time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Letter from the Board, the Company has been informed that the Petro-king Huizhou Group needs to retain its financial resources to support its daily operation. Based on (i) the latest financial position of Petro-king Huizhou and Star Petrotech as at 30 September 2022 obtained from the Company; and (ii) our discussion with the management of the Company in relation to the financial performance of the Petro-king Huizhou Group, we understand that the Petro-king Huizhou Group may face substantial liquidity issues if the Petro-king Huizhou Group is required to repay in full all outstanding amounts under the Loan Facilities and the Equity Transfer Agreement when they fall due by the end of this year. We are given the understanding that the Group exercised continuous monitoring on the financial performance and position of Petro-king Huizhou Group and the risks associated with the provision of financial assistance to the Petro-king Huizhou Group through receiving the financial statements of Petro-king Huizhou Group on a regular basis during the term of the Loan Facilities and the Equity Transfer Agreement. According to the Letter from the Board, the Group will adopt certain internal control measures in relation to the provision of financial assistance by the Group to the Petro-king Huizhou Group during the term of the Supplemental Agreements. As at the Latest Practicable Date, the utilisation rate of the Loan Facilities (as supplemented by Supplemental Agreement I and Supplemental Agreement II) was approximately 97.8%, therefore, the provision of financial assistance to the Petro-king Huizhou Group in relation to the Loan Facilities will only involve limited future cash outflow from the Group. And the provision of financial assistance to Petro-king Huizhou in relation to the Equity Transfer Agreement will involve no future cash outflow from the Group. Having considered that (i) the Company conducted due diligence and assessment on the repayment capability of the Petro-king Huizhou Group; (ii) the provision of financial assistance to the Petro-king Huizhou Group is for working capital purpose only; (iii) the enhanced risk-monitoring mechanism pursuant to the additional undertakings by the Petro-king Huizhou Group, the internal control measures in relation to the Supplemental Agreements in place to safeguard the interests of the Company and the Personal Guarantees provided by Mr. Wang as discussed in the section headed “4. Principal terms of the Supplemental Agreements” of this letter; (iv) Petro-king Huizhou was approximately 32.73% owned by its second largest shareholder, the Group as at the Latest Practicable Date; and (v) the provision of financial assistance to Petro-king Huizhou Group under the Supplemental Agreements will only involve limited future cash outflow from the Group as described above, we concur the Directors’ view that the Group will be benefited from a healthier financial position of the Petro-king Huizhou Group, enabling it to continue its principal businesses, which is in the interest of the Group both as a lender and as a shareholder of Petro-king Huizhou.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the borrowing costs of the Group, we have enquired with the management of the Company and note that the bank and other borrowings of the Group carried a weighted average effective annual interest rate of approximately 6.3% as at 30 September 2022. The interest rate of 7.0% per annum charged under the Supplemental Agreements is higher than aforesaid weighted average effective annual interest rate of the Group which we consider fair and reasonable. Hence, we are of the view that the Group will be benefited from receiving interest income on the outstanding amounts under such financial assistance at a rate higher than the weighted average borrowing cost of the Group.

In order to assess the reasonableness and fairness in respect of the entering into of the Supplemental Agreements, we have conducted an independent research and review on the similar transactions involving the provision of loan or financial assistance (including subsequent renewal and extension) to connected person(s) with fixed interest rate by companies listed on the Stock Exchange, and it is noted that it is not uncommon for companies listed on the Stock Exchange to provide loan or financial assistance to connected person(s). We further note that the major terms of the Supplemental Agreements are on normal commercial terms and generally in line with the terms of the similar transactions involving provision of loan or financial assistance to connected person(s) by companies listed on the Stock Exchange. For further details, please refer to the section headed "4. Principal terms of the Supplemental Agreements" below.

Leveraging on the reasons above, coupled with our independent analysis on the fairness and reasonableness of the major terms of the Supplemental Agreements as discussed below, we concur with the Directors (excluding Mr. Wang and Mr. Huang Yu) that the Supplemental Agreements, which have been entered into after arm's length negotiation between the Group and the Petro-king Huizhou Group, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Principal terms of the Supplemental Agreements

	Loan Facility I (as amended and supplemented by the Supplemental Agreement I)	Loan Facility II (as amended and supplemented by the Supplemental Agreement II)
Date:	9 November 2022	9 November 2022
Parties:	(1) Petro-king International (as the lender); and (2) Star Petrotech (as the borrower)	(1) Petro-king Shenzhen (as the lender); (2) Petro-king Huizhou (as the borrower); and (3) Mr. Wang (as the guarantor)
Principal amount:	Up to US\$2.7 million (equivalent to approximately HK\$21.2 million)	Up to RMB15 million (equivalent to approximately HK\$16.3 million)
Purpose:	For the borrower's general working capital purpose	
Interest rate:	<p>The rate of interest applicable to all the outstanding amounts under the relevant loan facility shall be 7% per annum commencing from 1 January 2023. The above interest rate was determined after taking into account, among others, the prevailing market interest rate, the weighted average borrowing cost of the Group and the Personal Guarantee from Mr. Wang. As at 30 September 2022, the weighted average borrowing cost on bank and other borrowings (including finance lease liabilities) of the Group, bearing effective annual interest rates ranging from 5.5% to 15.0%, was approximately 6.3% per annum.</p> <p>Interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day year. Interest shall be payable on a quarterly basis, with the first interest payment to be made in 2023 commencing from 31 March 2023.</p>	
Term, repayment and prepayment:	<p>All outstanding loan principal and accrued interest under the relevant loan facility shall be repaid on or before 31 December 2024.</p> <p>The borrower shall have the right to make early prepayment to the lender of the whole or any part of the relevant loan facility at any time during the term by giving not less than five business days' written notice of its intention to make prepayment, specifying the principal amount to be prepaid and the date on which prepayment is to be made, and paying all accrued interests on the principal amount prepaid on the date of prepayment.</p>	

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	Loan Facility I (as amended and supplemented by the Supplemental Agreement I)	Loan Facility II (as amended and supplemented by the Supplemental Agreement II)
Drawdown:	When the borrower wishes to further draw down the relevant loan facility, five business days' irrevocable written notice specifying the amount required and the proposed date of drawdown shall be given from the borrower to the lender.	
Default interest:	In the event that the borrower fails to repay any sum outstanding (including loan principal and accrued interest (if any)) to the lender under the loan facility when it falls due, the borrower shall pay to the lender interest at a default rate of 18% per annum (on the basis of a 365-day year) on such overdue sum for the period from and including the due date up to and including the date of actual receipt of payment by the lender.	In the event that the borrower fails to repay any sum outstanding (including loan principal and accrued interest (if any)) to the lender under the loan facility when it falls due, in addition to the interest as mentioned above, the borrower shall pay to the lender an additional default interest of 0.03% per day on such overdue sum for the period from and including the due date up to and including the date of actual receipt of payment by the lender.
Events of default:	Upon the occurrence of any event of default as described in the Loan Facility I (as amended and supplemented by the Supplemental Agreement I) or the Loan Facility II (as amended and supplemented by the Supplemental Agreement II) (as the case may be), the lender has the right to declare the relevant loan facility to be cancelled, and demand immediate payment of any sum outstanding (including loan principal and accrued interest (if any)) with immediate effect.	
Right of set-off:	In the event that the borrower fails to honour its contractual repayment obligations (including loan principal, accrued interest and/or other fees (if any)), under the relevant loan facility, the lender will have the right to offset (i) any outstanding account payables and/or other money owing (as applicable) to the borrower (including its subsidiaries) by the lender (including the Company and its subsidiaries) against (ii) any obligations and liabilities outstanding under the relevant loan facility, subject to all applicable law, rules and regulations, including the foreign exchange control law, rules and regulations in the PRC. The borrower does not have such right of set-off.	
	For the avoidance of doubt, the parties shall, and shall procure such relevant parties to, do such further act(s) and thing(s) and enter into such further agreement(s) and document(s) as may be necessary or desirable to carry into or to give effect to the above arrangement.	For the avoidance of doubt, the relevant parties shall enter into separate agreement(s) to agree on the details of the above arrangement.

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**Loan Facility I
(as amended and supplemented by
the Supplemental Agreement I)**

**Loan Facility II
(as amended and supplemented by
the Supplemental Agreement II)**

Undertakings: Before full repayment of the relevant loan facility, the borrower agreed to provide the following undertakings in favour of the lender:

- i. the borrower shall seek prior written consent from the lender for any of its acquisitions, investments and/or capital expenditures, if the amount of which exceeds 25% of its consolidated total assets as set out in the latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in Singapore or the PRC (as the case may be);
- ii. the debt-to-assets ratio (calculated by dividing consolidated total liabilities to consolidated total assets as set out in the latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in Singapore or the PRC (as the case may be), of the borrower shall not exceed 75%;
- iii. on a monthly basis, the borrower shall provide the full set of its consolidated management accounts (including but not limited to statements of financial position and profit or loss), prepared in accordance with the Financial Reporting Standards in Singapore or the PRC (as the case may be) to the lender; and
- iv. on a semi-annual basis, the borrower shall provide an update on its consolidated cash flow forecast for the year(s) ending 31 December 2024 to the lender.

In the event that any of the above undertakings is breached, the borrower shall inform the lender in writing promptly or on the same date on which such breach has come to its knowledge, and rectify the breach within seven calendar days after notifying the lender. Failing to do so constitutes an event of default under the relevant loan facility.

Guarantee: Pursuant to the deed of guarantee dated 9 November 2022, Mr. Wang agreed to provide a personal guarantee in favour of Petro-king International in connection with all the contractual repayment obligations of Star Petrotech under the Loan Facility I (as amended and supplemented by the Supplemental Agreement I). Pursuant to the Supplemental Agreement II, Mr. Wang agreed to provide a personal guarantee in favour of Petro-king Shenzhen for the joint and several liabilities in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement II.

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Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement III)

- Date : 9 November 2022
- Parties : (1) Petro-king Holding;
(2) Petro-king Huizhou; and
(3) Mr. Wang (as the guarantor)
- Remaining Consideration : RMB8.0 million (equivalent to approximately HK\$8.7 million)
- Interest rate : The rate of interest applicable to the Remaining Consideration shall be 7% per annum commencing from 1 January 2023. The above interest rate was determined after taking into account, among others, the prevailing market interest rate, the weighted average borrowing cost of the Group, and the Personal Guarantee from Mr. Wang. As at 30 September 2022, the weighted average borrowing cost on bank and other borrowings (including finance lease liabilities) of the Group, bearing effective annual interest rates ranging from 5.5% to 15.0%, was approximately 6.3% per annum.
- Interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day year. Payment of interest shall be made by Petro-king Huizhou on a quarterly basis, with the first interest payment to be made in 2023 commencing from 31 March 2023 and all accrued and unpaid interest (if any) shall be paid upon the settlement in full of the Remaining Consideration.
- Term and repayment : Petro-king Huizhou shall settle the Remaining Consideration and all accrued and unpaid interest (if any) to Petro-king Holding on or before 31 December 2023.

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Petro-king Huizhou may, at any time prior to 31 December 2023, make early repayment of the whole or any part of the Remaining Consideration, and the interest of which shall be calculated at the abovementioned interest rate.

Default interest : In the event that Petro-king Huizhou fails to repay any outstanding sum (including the Remaining Consideration and accrued interest and/or other fees (if any)) to Petro-king Holding under the Supplemental Agreement III when it falls due, in addition to the interest as mentioned above, Petro-king Huizhou shall pay to Petro-king Holding an additional default interest of 0.03% per day on such overdue sum for the period from and including the due date up to and including the date of actual receipt of payment by Petro-king Holding.

Events of default : Upon the occurrence of any event of default as described in the Supplemental Agreement III, Petro-king Holding has the right to (a) demand immediate payment of any sum outstanding (including the Remaining Consideration and accrued interests (if any)) and/or (b) terminate the responsibilities and obligations of Petro-king Holding under the Supplemental Agreement III with immediate effect.

Undertakings : Before full repayment of all outstanding sums to Petro-king Holding under the Supplemental Agreement III, Petro-king Huizhou agreed to provide the following undertakings in favour of Petro-king Holding:

- i. Petro-king Huizhou shall seek prior written consent Petro-king Holding for any of its acquisitions, investments and/or capital expenditures, if the amount of which exceeds 25% of its consolidated total assets as set out in its latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in the PRC;

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- ii. the debt-to-assets ratio (calculated by dividing consolidated total liabilities by consolidated total assets as set out in the latest audited consolidated financial statements, prepared in accordance with the Financial Reporting Standards in the PRC) of Petro-king Huizhou shall not exceed 75%;
- iii. on a monthly basis, Petro-king Huizhou shall provide the full set of its consolidated management accounts (including but not limited to statements of financial position and profit or loss), prepared in accordance with the Financial Reporting Standards in the PRC to Petro-king Holding; and
- iv. on a semi-annual basis, Petro-king Huizhou shall provide an update on its consolidated cash flow forecast for the year(s) ending 31 December 2024 to Petro-king Holding.

In the event that any of the above undertakings is breached, Petro-king Huizhou shall inform Petro-king Holding in writing on the same date on which such breach has come to its knowledge, and rectify the breach within seven calendar days after notifying Petro-king Holding. Failing to do so constitutes an event of default under the Supplemental Agreement III.

Guarantee : Mr. Wang agreed to provide a personal guarantee in favour of Petro-king Holding for the joint and several liabilities in connection with all the contractual repayment obligations of Petro-king Huizhou under the Supplemental Agreement III.

We are advised by the Company that certain protective terms have been added to the Supplemental Agreements to safeguard the interest of the Company.

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As disclosed in the Letter from the Board, the Group has implemented enhanced risk-monitoring mechanism pursuant to the additional undertakings by Petro-king Huizhou and Star Petrotech as set out in the Supplemental Agreements, including the requirement of prior written consent from the Group with regard to their major corporate actions and the provision of consolidated management accounts on a regular basis. Taking into account that (i) the Group has maintained a long and stable cooperative relationship with the Petro-king Huizhou Group; (ii) the Group has nominated one director out of three at the board of directors of Petro-king Huizhou as at the Latest Practicable Date; and (iii) the Group will adopt the relevant internal control measures in relation to the Supplemental Agreements in place to safeguard the interests of the Company as disclosed in the Letter from the Board, we are of the view that the Group is able to exercise continuous monitoring on the financial position and performance of the Petro-king Huizhou Group until its full repayment of all outstanding sums to the Group.

According to the Loan Facilities (as amended and supplemented by the Supplemental Agreement I and Supplemental Agreement II), the lender will have the right to offset any outstanding account payables against any obligations and liabilities outstanding under the relevant loan facility in the event that the borrower fails to honour its contractual repayment obligations while the borrower does not have such right of set-off which we consider a favourable term to reduce the Group's recovery risk of loans under the Loan Facilities, as the Group has been procuring well completion products, production enhancement products and drilling products from the Petro-king Huizhou Group, being the Group's major supplier of aforesaid products.

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Furthermore, Mr. Wang has provided the Personal Guarantees in favour of the Group in connection with all the contractual repayment obligations of Petro-king Huizhou and Star Petrotech under the Transactions. We have obtained the Group's bankruptcy search on Mr. Wang and note that there is no negative record. As advised by the management of the Company, in assessing Mr. Wang's financial capabilities, they had considered that (i) Mr. Wang holds effective interests in Petro-king Huizhou of approximately 21.24% as at the Latest Practicable Date; (ii) Petro-king Huizhou Group recorded unaudited consolidated net assets of approximately RMB139.7 million (equivalent to approximately HK\$152.0 million) as at 30 September 2022; and (iii) Petro-king Huizhou's valuation of approximately RMB242.7 million (equivalent to approximately HK\$264.1 million) after the most recent round of capital injection by certain investors (including Mr. Wang and his associates) in January 2022 which implies that the estimated value of Mr. Wang's investment in the Petro-king Huizhou amounted to approximately HK\$56.1 million, which exceeds the total principal amount of loans under the Transactions of approximately HK\$46.2 million. Having considered that (i) the value of Mr. Wang's investment in Petro-king Huizhou; (ii) no adverse result is noted in the bankruptcy search conducted by the Group; and (iii) Mr. Wang is a non-executive Director, the chairman and a substantial shareholder of the Company, who is interested in approximately 28.32% of the issued Shares as at the Latest Practicable Date, we concur the Company's view that Mr. Wang has the credibility and financial capabilities to honour all the contractual repayment obligations of Petro-king Huizhou and Star Petrotech under the Transactions.

Given that (i) the Company conducted due diligence and assessment on the repayment capability of the Petro-king Huizhou Group; (ii) the aforesaid enhanced risk-monitoring mechanism adopted by the Group; and (iii) the additional undertakings and additional right to offset any outstanding account payables to the Petro-king Huizhou Group pursuant to the Supplemental Agreements, we concur the Directors' view that the recovery risks of the loans under the Transactions are adequately mitigated and the Personal Guarantees serve as an extra protection to the Group regarding the recovery risk of loans under the Transactions. Based on the above, we concur the Directors' view that the additional terms mentioned above offer a higher level of protection to safeguard the interests of the Company and its Shareholders as a whole.

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In assessing the fairness and reasonableness of the major terms of the Supplemental Agreements, we have reviewed similar transactions involving the provision of loan or financial assistance (including subsequent renewal and extension) to connected person(s) with fixed interest rate by companies listed on the Stock Exchange during the period from 1 May 2022 to 9 November 2022, being approximately six-month period prior to the date of the Supplemental Agreements, which in our view represents a sufficient period of time to reflect the prevailing market conditions for conducting such transaction. To the best of our knowledge, we have identified 12 comparable transactions (“**Market Comparables**”) based on the aforesaid criteria. We consider that the list of Market Comparables is exhaustive as far as we are aware of and is sufficient to provide a fair and representative sample to be taken as a general reference of the prevailing market practices in relation to the provision of loan or financial assistance (including subsequent renewal and extension) to connected person(s) with fixed interest rate under recent market sentiment.

Shareholders should note that (i) the size, background, business, financial performance and prospects of the Company may not be the same as the listed companies of the Market Comparables; (ii) the background, business, financial performance and credibility of Petro-king Huizhou and Star Petrotech may not be the same as that of the borrowers of the Market Comparables, which were not fully disclosed in the relevant announcements of the listed companies; and (iii) the terms of loans may vary with difference individual factors including the duration of the loan, size of loan, securities and/or guarantees attached to the loan, and thus the comparison of the principal terms of the Supplemental Agreements with that of the Market Comparables may not represent an identical comparison. We, however, consider that the terms of the Market Comparables were determined under similar market conditions, and thus, provide a general reference in assessing the fairness and reasonableness of the major terms of the Supplemental Agreements (including the interest rate).

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Date of announcement	Company name	Stock code	Approximate market capitalisation (Note 1) <i>HK\$ million</i>	Approximate total assets value (Note 2) <i>RMB million</i>	Size of loan (Approximately)	Term (months)	Annual interest rate (%)	Details of security/ guarantee/ collateral
29/9/2022	Aluminum Corporation of China Limited	2600	10,570	194,807	RMB2 billion	60	5.35	Did not mention
28/9/2022	Arrail Group Limited	6639	3,844	2,990	US\$11 million	9	4.5	Did not mention
15/9/2022	China East Education Holdings Limited	0667	7,136	9,355	RMB240 million	18	7.0	Personal guarantees
2/8/2022	China Travel International Investment Hong Kong Limited	0308	7,474	22,763	RMB210 million	12	4.35	Nil
15/7/2022	Hui Xian Real Estate Investment Trust	87001	5,483	38,589	RMB100 million	30	5.3	Did not mention
29/6/2022	HC Group Inc.	2280	373	5,544	RMB25 million	12	8.0	Nil
27/5/2022	Baiying Holdings Group Limited	8525	143	360	RMB8 million	19	5.0	Did not mention
24/5/2022	JNBY Design Limited	3306	3,543	3,900	RMB100 million	25	4.9	Personal guarantees
20/5/2022	Shenzhen Investment Limited (Note 3)	0604	9,967	158,482	RMB500 million	12	3.5	Did not mention
20/5/2022	Shenzhen Investment Limited (Note 3)	0604	9,967	158,482	RMB50 million	12	3.5	Did not mention
16/5/2022	China Wan Tong Yuan (Holdings) Limited	6966	435	293	RMB100 million	24	12.0	Corporate guarantee
3/5/2022	Shi Shi Services Limited	8181	105	335	Not more than HK\$21 million	12	10.0	Mortgages or charges
	Maximum					60	12.0	
	Minimum					9	3.5	
	Average					20	6.1	
	The Company:							
	Supplemental Agreement I				US\$2.7 million	24	7.0	Personal guarantee
	Supplemental Agreement II				RMB15 million	24	7.0	Personal guarantee
	Supplemental Agreement III				RMB8 million	12	7.0	Personal guarantee

Source: the website of the Stock Exchange (www.hkex.com.hk)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The market capitalisation is calculated based on the closing price as quoted on the Stock Exchange of the listed companies as at the date of the Supplemental Agreements.
2. Reference is made to the latest published financial reports of the listed companies.
3. Reference is made to the announcement of Shenzhen Investment Limited dated 20 May 2022, its subsidiary entered into two separate loan renewal agreements with the borrower.

From the table above, we note that (i) the term of the Market Comparables ranged from 9 to 60 months, with an average of approximately 20 months. As the term under the Supplemental Agreements is within the range of the Market Comparables, we consider the term under the Supplemental Agreements is fair and reasonable; and (ii) the annual or annualised interest rate of the Market Comparables ranged from approximately 3.5% to 12.0%, with an average of approximately 6.1%. The interest rate charged by the Company of 7.0% under the Supplemental Agreements falls within the range of the interest rate of the Market Comparables and is higher than the average figure thereof. Therefore, we consider the interest rate charged by the Group under the Supplemental Agreements is fair and reasonable.

In assessing the borrowing costs of the Group, we have enquired with the management of the Company and note that the bank and other borrowings of the Group carried interest at an effective annual rate ranging from approximately 5.5% to 15.0% with a weighted average effective annual interest rate of approximately 6.3% as at 30 September 2022. The interest rate of 7.0% per annum charged under the Supplemental Agreements is higher than aforesaid weighted average effective annual interest rate of the Group's borrowings which we consider fair and reasonable.

For those that have disclosed the terms regarding the security or guarantee or collateral, 4 out of 6 Market Comparables were secured, therefore, it is not uncommon in the market for provision of loan or financial assistance to connected person(s) with security or guarantee or collateral. As such, we consider it is fair and reasonable for the Company to provide financial assistance to the Petro-king Huizhou Group with the Personal Guarantees from Mr. Wang.

In light of the above, we are of the view that the major terms of the Supplemental Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the Supplemental Agreements are in the interests of the Company and its Shareholders as a whole.

5. Financial effects on the Group

Liquidity

According to the Interim Report, as at 30 June 2022, the Group had cash and cash equivalent of approximately HK\$21.0 million. The provision of financial assistance to the Petro-king Huizhou Group in relation to the Loan Facilities will only involve limited future cash outflow from the Group as the utilisation rate of the Loan Facilities as at the Latest Practicable Date was approximately 97.8%. And the provision of financial assistance to Petro-king Huizhou in relation to the Equity Transfer Agreement will involve no future cash outflow from the Group. Hence, there will be limited cash outflow from the Group as a result of the Transactions. Therefore, the Transactions will not have material effect on the Group's cash position.

Net assets

The amounts under the Loan Facilities and the Equity Transfer Agreement will continue to be recorded as other receivables — related parties under non-current assets or current assets of the Group. Hence, the Transactions will not cause any material impact on total assets, total liabilities and net asset value of the Group.

Profit or loss

The interest income received under the Supplemental Agreements will be recorded as income of the Group at the rate of 7.0% per annum of outstanding amount of the Loan Facilities and the Remaining Consideration under the Supplemental Agreements. Assuming that (i) Star Petrotech and Petro-king Huizhou utilised the Loan Facilities in full (i.e. approximately HK\$37.5 million); and (ii) Petro-king Huizhou did not early repay the Remaining Consideration during the 12-month period, the Group will record earnings of approximately HK\$3.2 million and HK\$2.6 million as a result of recognition of interest income under the Supplemental Agreements for the two years ending 31 December 2023 and 2024, respectively.

In view of the foregoing, we occur the Company's view that the Transactions will not have material impact on the financial position of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the factors and reasons as mentioned above, we are of the view that, although the Transactions are not in the ordinary and usual course of business of the Company, the Supplemental Agreements are entered into on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements and the respective transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
FDB Financial Group Limited
Wallace Cheung
Executive Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of FDB Financial Group Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

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</i> <i>(unaudited)</i>
Bank borrowings	1	37,119
Term loan	2	85,200
Other loans	3	9,248
Lease liabilities	4	<u>30,454</u>
		162,021
Reconciled by:		
Secured and guaranteed		63,233
Unsecured and not guaranteed		<u>98,788</u>
		<u><u>162,021</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\$92,861,000.
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\$30,454,000 in aggregate. The lease liabilities of approximately HK\$26,114,000 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\$4,340,000 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\$15,388,000) 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 Transactions, 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:

- "L" denotes long position and "S" denotes short position.
- 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.
- 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%
HSBC International Trustee Limited ("HKIT")	Trustee (Notes 3&4)	826,189,898(L)	47.85%

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested (<i>Note 1</i>)	Approximate percentage of interest in the Company
Mr. Lee Lap	Founder of a discretionary trust (<i>Note 4</i>)	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 (<i>Note 5</i>)	136,303,475(L)	7.89%
Exceltop Holdings Limited ("Exceltop")	Interest in a controlled corporation (<i>Note 5</i>)	136,303,475(L)	7.89%
T.C.L. Industries Holdings (H.K.) Limited ("TCL HK")	Interest in a controlled corporation (<i>Note 5</i>)	136,303,475(L)	7.89%
TCL Corporation	Interest in a controlled corporation (<i>Note 5</i>)	136,303,475(L)	7.89%
UBS Group AG	Interest in a controlled corporation (<i>Note 6</i>)	91,121,334(L)	5.28%
UBS AG	Beneficial owner (<i>Note 7</i>)	670,857(L) 670,857(S)	0.05%
	Person having a security interest in shares (<i>Note 7</i>)	70,093,285(L)	5.68%
Greenwoods Asset Management Hong Kong Limited	Investment Manager (<i>Note 8</i>)	91,121,270(L)	5.28%
Invest Partner Group Limited	Interest in a controlled corporation (<i>Note 8</i>)	91,121,270(L)	5.28%
Mr. Jiang Jinzhi	Interest in a controlled corporation (<i>Note 9</i>)	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. 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.

6. 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.

7. 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 sale and purchase agreement dated 26 August 2022 entered into between 百勤(重慶)油氣工程技術服務有限公司 (Petro-king (Chongqing) Oil and Gas Technical Service Co., Ltd.[#]) as the purchaser and 三一石油智能裝備有限公司 (Sany Petroleum Intelligent Equipment Co., Ltd.[#]) 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;

- (b) the sale and purchase agreement dated 26 August 2022 entered into between Petro-king (Chongqing) Oil and Gas Technical Service Co., Ltd.[#] as the vendor and Sany Petroleum Intelligent Equipment Co., Ltd.[#] 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;
- (c) the supplemental agreement dated 28 September 2022 entered into between Petro-king (Chongqing) Oil and Gas Technical Service Co., Ltd.[#] and Sany Petroleum Intelligent Equipment Co., Ltd.[#], pursuant to which Petro-king (Chongqing) Oil and Gas Technical Service Co., Ltd.[#] and Sany Petroleum Intelligent Equipment Co., Ltd.[#] 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;
- (d) the finance lease agreement dated 28 September 2022 entered into between Petro-king (Chongqing) Oil and Gas Technical Service Co., Ltd.[#] as the vendor and lessee and 三一融資租賃有限公司 (Sany Financial Leasing Co., Ltd.[#]) 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;
- (e) 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) Oil and Gas Technical Service Co., Ltd.[#] as the purchaser and Sany Petroleum Intelligent Equipment Co., Ltd.[#] as the vendor in relation to the purchase of five units of 2500 mechanical fracturing truck (2500型機械式壓裂車), as detailed in the announcement of the Company dated 24 October 2022 and the circular of the Company dated 22 November 2022;
- (f) 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) Oil and Gas Technical Service Co., Ltd.[#] as the vendor and lessee and Sany Financial Leasing Co., Ltd.[#] as the purchaser and the lessor in relation to a finance lease arrangement for five units of 2500 mechanical fracturing truck (2500型機械式壓裂車), as detailed in the announcement of the Company dated 24 October 2022 and the circular of the Company dated 22 November 2022; and

- (g) 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) Oil and Gas Technical Service Co., Ltd.[#] as the vendor and lessee and Sany Financial Leasing Co., Ltd.[#] 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), as detailed in the announcement of the Company dated 24 October 2022 and the circular of the Company dated 22 November 2022.

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. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
FDB Financial Group Limited	a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

As at the Latest Practicable Date, FDB Financial Group Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, FDB Financial Group Limited did not have any interest, direct or indirect, in any assets which since 31 December 2021, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

FDB Financial Group Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

10. 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 letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (b) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (c) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (d) the loan facility agreement dated 13 November 2020 entered into between Petro-king International and Star Petrotech in relation to the Loan Facility I;
- (e) the loan facility agreement dated 13 November 2020 entered into between Petro-king Shenzhen and Petro-king Huizhou in relation to the Loan Facility II;
- (f) the Equity Transfer Agreement;
- (g) the Supplemental Agreement I;
- (h) the Supplemental Agreement II;
- (i) the Supplemental Agreement III;
- (j) the deed of guarantee executed by Mr. Wang (as the guarantor) dated 9 November 2022;
- (k) the material contracts referred to in the section headed “Material contracts” in this appendix; and
- (l) this circular.

11. 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 Wednesday, 21 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 Supplemental Agreement I (as defined and described in the circular of the Company dated 30 November 2022 (the “**Circular**”)) (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 Supplemental Agreement I and the transactions contemplated thereunder.”

2. “**THAT:**
 - (a) the Supplemental Agreement II (as defined and described in the Circular) (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 Supplemental Agreement II and the transactions contemplated thereunder.”

NOTICE OF THE EGM

3. “THAT:-

- (a) the Supplemental Agreement III (as defined and described in the Circular) (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 Supplemental Agreement III and the transactions contemplated thereunder.”

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

Hong Kong, 30 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

Notes:

- (a) The register of members of the Company will be closed from Friday, 16 December 2022 to Wednesday, 21 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 Thursday, 15 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).

NOTICE OF THE EGM

- (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.