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**SPT Energy Group Inc.**

**華油能源集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1251)**

**DISCLOSEABLE TRANSACTIONS  
FINANCE LEASE ARRANGEMENTS**

**FINANCE LEASE ARRANGEMENTS**

References are made to the announcements of the Company dated 25 August 2022 and 7 November 2022 in relation to, among other things, the Finance Lease Arrangements X and XI. The Board announces that on 18 May 2023, the Lessees XII to XIV, being subsidiaries of the Company, entered into the Finance Lease Arrangements XII to XIV with the Lessor, the details of which are set out in this announcement.

**LISTING RULES IMPLICATIONS**

Each of the Lessee X, the Lessee XI, the Lessee XII, the Lessee XIII and the Lessee XIV are indirect subsidiaries of the Company. According to Rule 14.22 of the Listing Rules, the Finance Lease Arrangements during any 12-month period shall be aggregated as a series of transactions. As one or more of the applicable percentage ratios in respect of each of (1) the Finance Lease Arrangements X to XII, entered into during the period from 25 August 2022 to 18 May 2023; (2) the Finance Lease Arrangements X to XIII, entered into during the period from 25 August 2022 to 18 May 2023; (3) the Finance Lease Arrangements X to XIV, entered into during the period from 25 August 2022 to 18 May 2023; and (4) the Finance Lease Arrangements XII to XIV, entered into on 18 May 2023, when aggregated, exceed 5% but are less than 25%, the abovementioned transactions contemplated thereunder each constituted a discloseable transaction of the Company and were subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

References are made to the announcements of the Company dated 25 August 2022 and 7 November 2022 in relation to, among other things, the Finance Lease Arrangements X and XI (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements. The Board announces that on 18 May 2023, the Lessees XII to XIV, being subsidiaries of the Company, entered into the Finance Lease Arrangements XII to XIV with the Lessor, the details of which are as follows.

## **FINANCE LEASE ARRANGEMENTS**

### **Finance Lease Arrangement XII**

#### **1. Finance Lease Agreement XII**

On 18 May 2023, the Lessor and Lessee XII, an indirect subsidiary of the Company, entered into the Finance Lease Agreement XII, pursuant to which (i) the Lessee XII has agreed to sell its own assets, namely, the Leased Assets XII, to the Lessor, at a transfer consideration of RMB18,500,000; and (ii) the Lessor has agreed to lease back the Leased Assets XII to the Lessee XII for a term of 36 months. The total lease payment under the Finance Lease Agreement XII was RMB20,512,077, which shall include a finance lease principal of RMB18,500,000 and a finance lease interest (inclusive of VAT) of RMB2,012,077.

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

#### **Date of agreement:**

18 May 2023

#### **Parties:**

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

#### **Leased Assets:**

The Leased Assets XII are oil and gas drilling equipment stored in Xinjiang, the PRC, with a net book value of approximately RMB18,697,681 at the relevant time.

#### **Lease period:**

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

### **Consideration and payment terms:**

The Lessor agreed to purchase the Leased Assets XII from the Lessee XII for RMB18,500,000. The payment of the consideration was conditional upon the fulfilment of certain conditions under the Finance Lease Agreement XII, including, among others, (1) the due execution of the Finance Lease Agreement XII and the underlying sale and purchase agreement of the Leased Assets XII; and (2) the Lessor having received the relevant documentary proof confirming the ownership of the Leased Assets XII.

Pursuant to the Finance Lease Agreement XII, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement XII, the finance lease principal is RMB18,500,000, the finance lease interest (inclusive of VAT) is expected to be RMB2,012,077 (calculated based on the interest rate of 6.5% per annum), the total lease payment is RMB20,512,077, and the Lessee XII shall pay the lease payment to the Lessor at the end of each quarter in instalments in accordance with the Finance Lease Agreement XII during the lease period.

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

### **Security Deposit:**

The Lessee XII agreed to pay the security deposits for the Finance Lease Agreement XII of RMB1,850,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement XII, the lease payment and other payables under the final payment will automatically be deducted from the deposits, and the Lessor will refund the Lessee XII the remaining amount (if any).

### **Ownership of the Leased Assets:**

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

## **2. *Consultancy Agreement XII***

The Lessee XII and the Lessor also entered into the Consultancy Agreement XII on 18 May 2023 under which the Lessor agreed to provide consultancy services to the Lessee XII and the Lessee XII will pay a consultancy fee of RMB666,000 to the Lessor. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

### **3. *Guarantee XII***

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

Langfang SPT provides joint and several liability guarantee for the debts of Lessee XII under the Finance Lease Agreement XII.

### **Finance Lease Arrangement XIII**

#### **1. *Finance Lease Agreement XIII***

On 18 May 2023, the Lessor and Lessee XIII, an indirect subsidiary of the Company, entered into the Finance Lease Agreement XIII, pursuant to which (i) the Lessee XIII has agreed to sell its own assets, namely, the Leased Assets XIII, to the Lessor, at a transfer consideration of RMB7,000,000; and (ii) the Lessor has agreed to lease back the Leased Assets XIII to the Lessee XIII for a term of 36 months. The total lease payment under the Finance Lease Agreement XIII was RMB7,761,325, which shall include a finance lease principal of RMB7,000,000 and a finance lease interest (inclusive of VAT) of RMB761,325.

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

#### **Date of agreement:**

18 May 2023

#### **Parties:**

The purchaser and the Lessor:	Zhongguancun Science-Tech
The seller and the Lessee XIII:	Petrotech (Xinjiang)

#### **Leased Assets:**

The Leased Assets XIII are oil and gas drilling equipment stored in Xinjiang, the PRC, with a net book value of approximately RMB7,003,206 at the relevant time.

#### **Lease period:**

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

### **Consideration and payment terms:**

The Lessor agreed to purchase the Leased Assets XIII from the Lessee XIII for RMB7,000,000. The payment of the consideration was conditional upon the fulfilment of certain conditions under the Finance Lease Agreement XIII, including, among others, (1) the due execution of the Finance Lease Agreement XIII and the underlying sale and purchase agreement of the Leased Assets XIII; and (2) the Lessor having received the relevant documentary proof confirming the ownership of the Leased Assets XIII.

Pursuant to the Finance Lease Agreement XIII, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement XIII, the finance lease principal is RMB7,000,000, the finance lease interest (inclusive of VAT) is expected to be RMB761,325 (calculated based on the interest rate of 6.5% per annum), the total lease payment is RMB7,761,325, and the Lessee XIII shall pay the lease payment to the Lessor at the end of each quarter in instalments in accordance with the Finance Lease Agreement XIII during the lease period.

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

### **Security Deposit:**

The Lessee XIII agreed to pay the security deposits for the Finance Lease Agreement XIII of RMB700,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement XIII, the lease payment and other payables under the final payment will automatically be deducted from the deposits, and the Lessor will refund the Lessee XIII the remaining amount (if any).

### **Ownership of the Leased Assets:**

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

## **2. *Consultancy Agreement XIII***

The Lessee XIII and the Lessor also entered into the Consultancy Agreement XIII on 18 May 2023 under which the Lessor agreed to provide consultancy services to the Lessee XIII and the Lessee XIII will pay a consultancy fee of RMB252,000 to the Lessor. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

### **3. *Guarantee XIII***

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

- (1) Langfang SPT provides joint and several liability guarantee for the debts of Lessee XIII under the Finance Lease Agreement XIII; and
- (2) Lessee XII provides joint and several liability guarantee for the debts of the Lessee XIII under the Finance Lease Agreement XIII.

### **Finance Lease Arrangement XIV**

#### **1. *Finance Lease Agreement XIV***

On 18 May 2023, the Lessor and Lessee XIV, an indirect subsidiary of the Company, entered into the Finance Lease Agreement XIV, pursuant to which (i) the Lessee XIV has agreed to sell its own assets, namely, the Leased Assets XIV, to the Lessor, at a transfer consideration of RMB4,500,000; and (ii) the Lessor has agreed to lease back the Leased Assets XIV to the Lessee XIV for a term of 36 months. The total lease payment under the Finance Lease Agreement XIV was RMB4,989,424, which shall include a finance lease principal of RMB4,500,000 and a finance lease interest (inclusive of VAT) of RMB489,424.

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

#### **Date of agreement:**

18 May 2023

#### **Parties:**

The purchaser and the Lessor:	Zhongguancun Science-Tech
The seller and the Lessee XIV:	Xinjiang SPT

#### **Leased Assets:**

The Leased Assets XIV are oil and gas field operation equipment stored in Xinjiang, the PRC, with a net book value of approximately RMB4,555,491 at the relevant time.

#### **Lease period:**

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

### **Consideration and payment terms:**

The Lessor agreed to purchase the Leased Assets XIV from the Lessee XIV for RMB4,500,000. The payment of the consideration was conditional upon the fulfilment of certain conditions under the Finance Lease Agreement XIV, including, among others, (1) the due execution of the Finance Lease Agreement XIV and the underlying sale and purchase agreement of the Leased Assets XIV; and (2) the Lessor having received the relevant documentary proof confirming the ownership of the Leased Assets XIV.

Pursuant to the Finance Lease Agreement XIV, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement XIV, the finance lease principal is RMB4,500,000, the finance lease interest (inclusive of VAT) is expected to be RMB489,424 (calculated based on the interest rate of 6.5% per annum), the total lease payment is RMB4,989,424, and the Lessee XIV shall pay the lease payment to the Lessor at the end of each quarter in instalments in accordance with the Finance Lease Agreement XIV during the lease period.

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

### **Security Deposit:**

The Lessee XIV agreed to pay the security deposits for the Finance Lease Agreement XIV of RMB450,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement XIV, the lease payment and other payables under the final payment will automatically be deducted from the deposits, and the Lessor will refund the Lessee XIV the remaining amount (if any).

### **Ownership of the Leased Assets:**

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

## **2. *Consultancy Agreement XIV***

The Lessee XIV and the Lessor also entered into the Consultancy Agreement XIV on 18 May 2023 under which the Lessor agreed to provide consultancy services to the Lessee XIV and the Lessee XIV will pay a consultancy fee of RMB162,000 to the Lessor. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

### **3. Guarantee XIV**

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

- (1) Langfang SPT provides joint and several liability guarantee for the debts of Lessee XIV under the Finance Lease Agreement XIV; and
- (2) Lessee XII provides joint and several liability guarantee for the debts of the Lessee XIV under the Finance Lease Agreement XIV.

### **REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS**

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

The Directors are of the view that the Finance Lease Arrangements are on normal commercial terms and in the ordinary and usual course of business of the Group and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENTS**

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

### **GENERAL INFORMATION**

#### **The Group**

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

#### **Sinopetroleum Technology**

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

#### **Petrotech (Xinjiang)**

Petrotech (Xinjiang) is an indirect subsidiary of the Company and is principally engaged in the provision of oilfield engineering services.



## **Xinjiang SPT**

Xinjiang SPT is an indirect subsidiary of the Company and is principally engaged in the provision of petroleum engineering technical services.

## **Langfang SPT**

Langfang SPT is a direct subsidiary of the Company and is principally engaged in the provision of petroleum engineering technical development and services.

## **Zhongguancun Science-Tech**

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

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

## **LISTING RULES IMPLICATIONS**

Each of the Lessee X, the Lessee XI, the Lessee XII, the Lessee XIII and the Lessee XIV are indirect subsidiaries of the Company. According to Rule 14.22 of the Listing Rules, the Finance Lease Arrangements during any 12-month period shall be aggregated as a series of transactions. As one or more of the applicable percentage ratios in respect of each of (1) the Finance Lease Arrangements X to XII, entered into during the period from 25 August 2022 to 18 May 2023; (2) the Finance Lease Arrangements X to XIII, entered into during the period from 25 August 2022 to 18 May 2023; (3) the Finance Lease Arrangements X to XIV, entered into during the period from 25 August 2022 to 18 May 2023; and (4) the Finance Lease Arrangements XII to XIV, entered into on 18 May 2023, when aggregated, exceed 5% but are less than 25%, the abovementioned transactions contemplated thereunder each constituted a discloseable transaction of the Company and were subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	SPT Energy Group Inc. (華油能源集團有限公司*), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consultancy Agreement XII”	the consultancy agreement entered into between the Lessor and the Lessee XII on 18 May 2023
“Consultancy Agreement XIII”	the consultancy agreement entered into between the Lessor and the Lessee XIII on 18 May 2023
“Consultancy Agreement XIV”	the consultancy agreement entered into between the Lessor and the Lessee XIV on 18 May 2023
“Directors”	the directors of the Company
“Finance Lease Agreement XII”	the finance lease agreement entered into between the Lessor and the Lessee XII on 18 May 2023
“Finance Lease Agreement XIII”	the finance lease agreement entered into between the Lessor and the Lessee XIII on 18 May 2023
“Finance Lease Agreement XIV”	the finance lease agreement entered into between the Lessor and the Lessee XIV on 18 May 2023
“Finance Lease Arrangements”	the Finance Lease Arrangement X, the Finance Lease Arrangement XI, the Finance Lease Arrangement XII, the Finance Lease Arrangement XIII and the Finance Lease Arrangement XIV
“Finance Lease Arrangement XII”	the transactions contemplated thereunder the Finance Lease Agreement XII, the Guarantee XII and the Consultancy Agreement XII
“Finance Lease Arrangement XIII”	the transactions contemplated thereunder the Finance Lease Agreement XIII, the Guarantee XIII and the Consultancy Agreement XIII
“Finance Lease Arrangement XIV”	the transactions contemplated thereunder the Finance Lease Agreement XIV, the Guarantee XIV and the Consultancy Agreement XIV
“Group”	the Company and its subsidiaries
“Guarantee XII”	the guarantee dated 18 May 2023 given by Langfang SPT in favour of the Lessor, entered in conjunction with the Finance Lease Agreement XII

“Guarantee XIII”	the guarantees dated 18 May 2023 given by Langfang SPT and Lessee XII in favour of the Lessor, entered in conjunction with the Finance Lease Agreement XIII
“Guarantee XIV”	the guarantees dated 18 May 2023 given by Langfang SPT and Lessee XII in favour of the Lessor, entered in conjunction with the Finance Lease Agreement XIV
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party who is independent of the Company and its connected persons
“Langfang SPT”	Langfang SPT Energy Limited* (廊坊華油能源技術服務集團有限公司), a company incorporated in China and is a direct subsidiary of the Company
“Leased Assets”	the Leased Assets XII, the Leased Assets XIII and the Leased Assets XIV
“Leased Assets XII”	oil and gas drilling equipment stored in Xinjiang, the PRC under the Finance Lease Agreement XII
“Leased Assets XIII”	oil and gas drilling equipment stored in Xinjiang, the PRC under the Finance Lease Agreement XIII
“Leased Assets XIV”	oil and gas drilling equipment stored in Xinjiang, the PRC under the Finance Lease Agreement XIV
“Lessee(s)”	the Lessee XII, the Lessee XIII and the Lessee XIV
“Lessee X”, “Lessee XII” or “Sinopetroleum Technology”	Sinopetroleum Technology Inc.* (北京華油油氣技術開發有限公司), a company incorporated in the PRC and is an indirect subsidiary of the Company
“Lessee XI”, “Lessee XIII” or “Petrotech (Xinjiang)”	Petrotech (Xinjiang) Engineering Co., Ltd* (新疆華油油氣工程有限公司), a company incorporated in the PRC and is an indirect subsidiary of the Company
“Lessee XIV” or “Xinjiang SPT”	Xinjiang SPT Engineering Service Co., Ltd* (新疆華油能源工程服務有限公司), a company incorporated in the PRC and is an indirect subsidiary of the Company

“Lessor” or “Zhongguancun Science-Tech”	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, the H shares of which are listed on the Stock Exchange with stock code of 1601
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax
“%”	per cent

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

The PRC, 18 May 2023

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

\* *For identification purposes only*