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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO ACQUISITION OF NEW EQUIPMENT AND DISPOSAL OF EXISTING EQUIPMENT; AND NOTICE OF THE EGM

Financial adviser to Petro-king Oilfield Services Limited

SOMERLEY CAPITAL LIMITED

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

A letter from the Board is set out on pages 4 to 15 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 Thursday, 12 March 2026 at 2:30 p.m. is set out on pages EGM-1 to EGM-2 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, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, 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.

16 February 2026

TABLE OF CONTENTS

DEFINITIONS 1

LETTER FROM THE BOARD 4

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP I-1

APPENDIX II – GENERAL INFORMATION II-1

NOTICE OF THE EGM EGM-1

ACCOMPANYING DOCUMENT: FORM OF PROXY

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

"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, 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 Transaction Agreements and the transactions contemplated thereunder
"Existing Equipment"	15 units of existing fracturing trucks (壓裂車) and 2 units of existing instrument trucks (儀錶車)
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s) who, 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"	11 February 2026, 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

"New Equipment"	15 units of Model YLC105-1860 (model 2500) fracturing truck (YLC105-1860 (2500型) 壓裂車) and 2 units of Model YBQ32-2 instrument sled (YBQ32-2型儀錶橇)
"Offset Agreement"	the agreement dated 19 January 2026 entered into between Petro-king Technology and the Vendor in relation to the offset of the total consideration receivable by Petro-king Technology from the Vendor arising from the disposal of the Existing Equipment in accordance with the terms of the Sale Agreement on a dollar-for-dollar basis against the total consideration payable by Petro-king Technology to the Vendor arising from the purchase of the New Equipment in accordance with the terms of the Purchase Agreement
"percentage ratio(s)"	percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
"Petro-king Technology"	深圳市百勤石油技術有限公司 (Petro-king Oilfield Technology Limited#), a company incorporated in the PRC and is indirectly wholly-owned by the Company
"PRC" or "China"	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
"Purchase Agreement"	the agreement dated 19 January 2026 entered into between Petro-king Technology as the buyer and the Vendor as the seller in relation to the purchase of the New Equipment
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Agreement"	the agreement dated 19 January 2026 entered into between Petro-king Technology as the seller and the Vendor as the buyer in relation to the disposal of the Existing Equipment
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the share capital of the Company with no par value
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transactions"	the transactions contemplated under the Transaction Agreements

"Transaction Agreements"	collectively, the Sale Agreement, the Purchase Agreement and the Offset Agreement
"Vendor"	烟台杰瑞石油裝備技術有限公司 (Yantai Jereh Petroleum Equipment & Technologies Co., Ltd.#), a company incorporated in the PRC
"Vendor Group"	烟台杰瑞石油服務集團股份有限公司 (Yantai Jereh Oilfield Services Group Co., Ltd.#), a company incorporated in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002353), and its subsidiaries (including the Vendor)
"%"	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$1.1116. 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 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. Lin Jingyu
Miss Zhou Sisi

Non-executive Director:
Mr. Wang Jinlong *(Chairman)*

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

16 February 2026

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO ACQUISITION OF NEW EQUIPMENT AND DISPOSAL OF EXISTING EQUIPMENT; AND NOTICE OF THE EGM

INTRODUCTION

Reference is made to the announcement of the Company dated 19 January 2026 in relation to the acquisition of the New Equipment and the disposal of the Existing Equipment under the Transaction Agreements.

On 19 January 2026 (after trading hours), Petro-king Technology entered into the Sale Agreement with the Vendor in relation to the disposal of 15 units of existing fracturing trucks (壓裂車) and 2 units of existing instrument trucks (儀錶車) (collectively referred to as the "**Existing Equipment**"). The consideration for the

disposal of the existing fracturing trucks is RMB82,500,000 (equivalent to approximately HK$91,707,000), tax inclusive, and the consideration for the disposal of the existing instrument trucks is RMB3,000,000 (equivalent to approximately HK$3,335,000), tax inclusive.

On the same date, Petro-king Technology entered into the Purchase Agreement with the Vendor in relation to the acquisition of 15 units of new fracturing trucks and 2 units of new instrument sleds (儀錶橇) (collectively referred to as the "**New Equipment**"). The consideration for the acquisition of the new fracturing trucks is RMB120,000,000 (equivalent to approximately HK$133,392,000), tax inclusive, and the consideration for the acquisition of the new instrument sleds is RMB4,000,000 (equivalent to approximately HK$4,446,000), tax inclusive.

Separately, the parties entered into the Offset Agreement on 19 January 2026, it was agreed that the total consideration receivable by Petro-king Technology from the Vendor arising from the disposal of the Existing Equipment, in accordance with the terms of the Sale Agreement, would be offset on a dollar-for-dollar basis against the total consideration payable by Petro-king Technology to the Vendor arising from the acquisition of the New Equipment, in accordance with the terms of the Purchase Agreement. According to the payment terms of the Offset Agreement, Petro-king Technology will need to pay the net amount of RMB38,500,000 (equivalent to approximately HK$42,797,000) to the Vendor by stages as further detailed in the sub-section headed "THE PURCHASE AGREEMENT AND THE OFFSET AGREEMENT – Payment terms".

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Transaction Agreements and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) the notice of the EGM.

THE SALE AGREEMENT

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

Date:	19 January 2026 (after trading hours)
Parties:	(1) Petro-king Technology (as the seller); and (2) the Vendor (as the buyer)
Subject matter:	Petro-king Technology agreed to sell, and the Vendor agreed to purchase, the Existing Equipment, comprising 15 units of the existing fracturing trucks and 2 units of existing instrument trucks, subject to the terms and conditions of the agreement.
Consideration:	Cash consideration of RMB85,500,000 (equivalent to approximately HK$95,042,000), tax inclusive.

The consideration was determined after arm's length negotiations between the parties with reference to the market value of similar type of equipment under current condition. In arriving at the consideration of the Sale Agreement, the Company has also taken into account the fact that (i) the Existing Equipment has depreciated to its residual value, and a gain on disposal is expected to be recognised upon completion of the Transactions, (ii) the Existing Equipment was originally manufactured by and purchased from the Vendor, and accordingly, the Vendor is the only realistic buyer of the Existing Equipment in the market, and (iii) the terms (including the consideration) of the Sale Agreement were negotiated at the same time and in conjunction with the negotiation of the terms of the Purchase Agreement, whereby more beneficial pricing terms of the disposal may potentially be achieved due to the Vendor being incentivised to execute the Purchase Agreement which is revenue-generating from its perspective.

Payment terms: The consideration shall be paid by the Vendor after its receipt of the corresponding consideration from Petro-king Technology under the Purchase Agreement. Please also see the section below headed "THE PURCHASE AGREEMENT AND THE OFFEST AGREEMENT" for the offset arrangement.

Delivery date: The Existing Equipment shall be delivered within 20 days after the Sale Agreement takes effect. Advance notice should be delivered to Petro-king Technology if the Vendor intends to alter the date of delivery.

Conditions Precedent: The Sale Agreement shall take effect upon fulfilment of the following conditions precedent: (i) the entering into the Sale Agreement, and (ii) the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the transactions contemplated under the Sale Agreement, and having obtained approval from the Shareholders at the EGM. The Sale Agreement, the Purchase Agreement and the Offset Agreement are inter-conditional to each other, and should become effective simultaneously following the fulfilment of all conditions precedent.

None of the above conditions precedent is waivable.

As at the Latest Practicable Date, the above condition (i) had been satisfied.

THE PURCHASE AGREEMENT AND THE OFFSET AGREEMENT

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

Date:	19 January 2026 (after trading hours)
Parties:	(1) Petro-king Technology (as the buyer); and (2) the Vendor (as the seller)
Subject matter:	Petro-king Technology agreed to purchase, and the Vendor agreed to sell, the New Equipment, comprising 15 units of Model YLC105-1860 (model 2500) fracturing truck (YLC105-1860 (2500型) 壓裂車) and 2 units of Model YBQ32-2 instrument sled (YBQ32-2型儀錶橇), subject to the terms and conditions of the agreement.
Consideration:	Cash consideration of RMB124,000,000 (equivalent to approximately HK$137,838,000), tax inclusive. The consideration was determined after arm's length negotiations between the parties with reference to the prevailing market price of the New Equipment. Before the entering into the Purchase Agreement, the Company obtained quotations from three independent suppliers of the relevant equipment, including the Vendor. After considering the terms (including pricing) offered by all three independent suppliers, the Company considers that the Vendor offered the best terms (including pricing) among the independent suppliers, and is of the view that it is appropriate to enter into the Purchase Agreement with the Vendor for the purchase of the New Equipment.

The Offset Agreement

On 19 January 2026 (after trading hours), Petro-king Technology and the Vendor entered into the Offset Agreement in relation to the offset of the total consideration receivable by Petro-king Technology from the Vendor arising from the disposal of the Existing Equipment on a dollar-for-dollar basis against the total consideration payable by Petro-king Technology to the Vendor arising from the acquisition of the New Equipment.

Accordingly, the above consideration shall be first offset against the amount receivable from the Vendor under the Sale Agreement, and the remaining balance is expected to be funded by internal cash resources of the Group by stages as further detailed below.

The Offset Agreement shall take effect upon fulfilment of the following conditions precedent: (i) the entering into the Offset Agreement, and (ii) the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the transactions contemplated under the Offset Agreement, and having obtained approval from the Shareholders at the EGM. The Sale Agreement, the Purchase Agreement and the Offset Agreement are inter-conditional to each other, and should become effective simultaneously following the fulfilment of all conditions precedent. None of the above conditions precedent is waivable. As at the Latest Practicable Date, the above condition (i) had been satisfied.

Payment terms:

The remaining balance of the consideration, being RMB38,500,000 (equivalent to approximately HK$42,797,000) after the abovementioned offset arrangement, shall be payable by Petro-king Technology by way of bank transfer in the following manner:

a) Within 1 month following the execution of the Offset Agreement: RMB8,500,000 (equivalent to approximately HK$9,449,000) (the "**First Payment**");

b) before the first anniversary of the execution of the Offset Agreement: RMB10,000,000 (equivalent to approximately HK$11,116,000);

c) before the second anniversary of the execution of the Offset Agreement: RMB10,000,000 (equivalent to approximately HK$11,116,000); and

d) before the third anniversary of the execution of the Offset Agreement: RMB10,000,000 (equivalent to approximately HK$11,116,000).

Delivery date:

The New Equipment shall be available for self pick-up at an agreed location by Petro-king Technology within 1 month after the Purchase Agreement has become unconditional and upon receipt of the First Payment by the Vendor.

Technical Training:	The Vendor shall provide technical training to Petro-king Technology regarding the structure, technical performance, use and maintenance of the New Equipment for a period of 7 working days.
Warranty:	The Vendor shall provide a warranty period of twelve months commencing from the date on which the New Equipment has passed the relevant acceptance as specified under the agreement, and the Vendor shall provide repair services free of charge during the warranty period.
Conditions Precedent:	The Purchase Agreement shall take effect upon fulfilment of the following conditions precedent: (i) the entering into the Purchase Agreement, and (ii) the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the transactions contemplated under the Purchase Agreement, and having obtained approval from the Shareholders at the EGM. The Sale Agreement, the Purchase Agreement and the Offset Agreement are inter-conditional to each other, and should become effective simultaneously following the fulfilment of all conditions precedent. None of the above conditions precedent is waivable. As at the Latest Practicable Date, the above condition (i) had been satisfied.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in the business of the provision of oilfield and gas field technology services covering various stages in the life cycle of oilfields and gas fields including production enhancement, drilling, consultancy and integrated project management with auxiliary activities in the trading of oilfield and gas field related products. The provision of production enhancement services requires the deployment of large-scale fracturing trucks and other related equipment. As at the Latest Practicable Date, the Group owns 24 units of fracturing trucks, 2 units of instrument trucks, 2 units of fracturing fluid mixer trucks and other auxiliary equipment in the PRC, with ages ranging from approximately 3 to 11 years. As part of its ordinary and usual course of business, the Group has maintained its equipment at a high standard to satisfy the increasing demands for production enhancement services in the PRC, to provide production enhancement solutions to its customers in the gas field and oilfields, as well as to meet the tendering requirement imposed from time to time on the fracturing and instrument trucks utilised by the Group for the relevant projects.

As at the Latest Practicable Date, all of the Group's fracturing trucks in the PRC are utilised at full capacity. Due to the competition in the production enhancement industry, the Group's customers have imposed higher standards on the fracturing equipment utilised by the production enhancement service providers as the gas field and oilfields have become increasingly difficult to extract from. The Existing Equipment has an

average age of approximately 11 years, which requires higher repair and maintenance costs and is increasingly difficult to comply with the stricter requirements of the Group's oil and gas field customers. Accordingly, the Group has to purchase the New Equipment from the Vendor to maintain its competitiveness and quality of services, as well as to fulfil the uplifted industry standards and requirements.

The core performance improvements of the new fracturing trucks compared to the existing fracturing trucks primarily include the following aspects:

1. Upgraded Displacement/Pressure Limit and Extended Operating Time

The existing fracturing trucks have a first-stage displacement of 0.5 m^3 per minute, while the new fracturing truck can achieve 0.8 m^3 per minute, representing an approximately 60% improvement performance. The new fracturing trucks are better adopted in meeting the high-pressure requirements of deep and ultra-deep oil and gas wells. In addition, the continuous operating time of the new fracturing trucks has been extended from a 200-hour level to a 500-hour level, and they are capable of supporting high-intensity fracturing modes such as "zipper fracturing."

2. Advancement in Intelligence

The new fracturing trucks are equipped with self-diagnosis, fault prediction, remote cluster control, and other intelligence features, effectively reducing the number of operators required for each fracturing truck. The software of the new fracturing trucks supports sustainable upgrades, ensuring more stable sensor rectification and enabling networked collaborative operations, featuring one-click start-stop and process automation.

3. Improved Stability and Maintenance Cost Optimization

The existing fracturing truck has a load capacity of approximately 36-40 tons and with a structure prone to vibration during the fracturing process. The new fracturing truck has a load capacity of approximately 43-45 tons, featuring a pump center of gravity positioned between the four bridges to avoid cantilever beam vibration during fracturing operations. In addition, the pump head, valve box, and high-pressure manifold have been upgraded for the new fracturing trucks, which can reduce erosion wear by approximately 80%, lower unplanned downtime and thereby achieve high equipment utilization.

4. Environmental Protection and Fuel Efficiency

The existing fracturing trucks comply with China's National IV emission standard with higher pollution levels, while the new fracturing trucks comply with China's National VI emission standard for stricter environmental protection. The new fracturing trucks improve energy efficiency by reducing fuel consumption of approximately 5%-10%.

The core performance improvements of the new instrument sleds compared to the existing instrument trucks primarily include the following aspects:

1. Enhanced Operational Flexibility

The new instrument sleds can monitor a higher number of fracturing trucks than the existing instrument equipment, thereby enhancing operational flexibility.

2. Advancement in Intelligence

The new instrument sleds' data monitor software has been upgraded, enabling comprehensive process monitoring of high and low voltage equipment, with collected data supporting real-time transmission. The new instrument sleds enable full-process automatic control of fracturing operations, achieving automatic identification and follow-up process for abnormal conditions during the fracturing operations. The new instrument sleds are also equipped with integrated data transmission function, enabling real-time data retrieval to enhance operational efficiency.

3. One-Button Control System

The new instrument sleds are equipped with a one-button control system (which was not available in the existing instrument trucks), featuring key functions such as automatic start-stop switching, automatic flow distribution, remote control of high and low pressure pipelines, and automatic device control, enhancing operational convenience.

4. Environmental Protection and Fuel Efficiency

The existing instrument trucks comply with China's National IV emission standard with higher pollution levels, while the new instrument sleds comply with China's National VI emission standard for stricter environmental protection. The new instrument sleds improve energy efficiency by reducing fuel consumption of approximately 5%-10%.

According to its corporate website, the Vendor Group, established in 1999, is an innovation-driven PRC enterprise principally engaged in high-end equipment manufacturing, oil and gas engineering and technical services, oil and gas field development and certain new energy and environmental businesses. It has 11 research and development centers and manufacturing bases globally, with over 9,000 employees (including more than 2,000 technical engineers), and offers a full range of oilfield development solutions and products, covering more than 170 categories of oilfield and natural gas and other equipment. The Vendor Group has been one of the Group's major suppliers of fracturing equipment, instrument equipment and the related parts and accessories. During the arm's length negotiations, the Vendor Group offered to buy back the Existing Equipment from the Group in order to attract and facilitate the Group to purchase the New Equipment from the Vendor. The Directors consider that the Group should take this opportunity to dispose of the Existing Equipment so as to reduce the cash outflow requirement for the acquisition of the New Equipment, with the disposal of the Existing Equipment and the acquisition of New Equipment being inter-conditional upon each other.

Based on the aggregate net book value of the Existing Equipment as at 30 June 2025 of approximately RMB19.1 million (representing the residual value of the Existing Equipment), the aggregate disposal consideration of RMB85.5 million (equivalent to approximately HK$95.0 million) and the relevant effect of taxation, a gain of approximately RMB56.6 million (equivalent to approximately HK$62.9 million) is expected to be recorded by the Group as a result of the disposal of the Existing Equipment. The actual gain or loss arising from the disposal of the Existing Equipment to be recognised by the Group will be subject to further review by the Company's auditors and may be different from the aforementioned amount. The proceeds arising from the disposal of the Existing Equipment will be used to offset the Group's payment obligation for the acquisition of the New Equipment. The remaining balance will be financed by internal cash resources of the Group and is not expected to have material adverse effect on the working capital of the Group.

As the Existing Equipment is already depreciated to its residual value of approximately RMB19.1 million as at 30 June 2025, their disposal is not expected to affect the Group's future depreciation expense. On the other hand, the New Equipment is expected to be recognised as property, plant and equipment in the Group's consolidated balance sheet, and depreciate over its expected useful life of approximately 10 years, such that future depreciation expense is expected to increase following completion of the Transactions.

The Transactions will enable the Group to upgrade its production enhancement equipment fleet, improve its operational efficiency, better meet customer requirements, and enhance its competitiveness and quality of services, as well as to meet the uplifted industry standards and requirements.

The Directors consider that the terms and conditions of the Transaction Agreements are on normal commercial terms and are fair and reasonable, and that the entering into the Transaction Agreements is in the interests of the Group and the Shareholders as a whole.

FINANCIAL IMPACT OF THE TRANSACTIONS

Under the Purchase Agreement, it is expected that, upon completion, total assets of the Group will increase to reflect the property, plant and equipment (i.e. relating to the New Equipment, estimated to be RMB124.0 million (equivalent to approximately HK$137.8 million)), partly offset by the cash settlement of the First Payment of RMB8.5 million (equivalent to approximately HK$9.4 million), and total liabilities of the Group will increase to reflect the other payables and accruals, estimated to be RMB30.0 million (equivalent to approximately HK$33.3 million), which is the remaining consideration payable to the Vendor after the settlement of the First Payment and the offset arrangement.

Under the Sale Agreement, it is expected that, upon completion, total assets of the Group will decrease to reflect the derecognition of the carrying amount of the Existing Equipment of approximately RMB19.1 million (equivalent to approximately HK$21.2 million), and the estimated disposal gain of approximately RMB56.6 million (equivalent to approximately HK$62.9 million) as mentioned in earlier section will be recognised in profit or loss.

As discussed in the earlier section, the Company considers that the proceeds arising from the disposal of the Existing Equipment will be used to offset the Group's payment obligation for the acquisition of the New Equipment. The remaining balance will be financed by internal cash resources of the Group by stages and is not expected to have material adverse effect on the working capital 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.

LISTING RULES IMPLICATIONS

Disposal of the Existing Equipment

As one of the applicable percentage ratios for the transactions contemplated under the Sale Agreement exceeds 75%, the entering into the Sale Agreement and the transactions contemplated thereunder constitute a very substantial disposal for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Acquisition of the New Equipment

On 22 June 2024, Petro-king Technology entered into an agreement with the Vendor in relation to the acquisition of 1 unit of oil extraction equipment (LGGT 148-80-78型滚筒橇) at a consideration of RMB1,180,000 (equivalent to approximately HK$1,312,000), tax inclusive (the "**Previous Purchase**"), determined after arm's length negotiations between the parties with reference to the prevailing market price of such equipment, and payable as to (i) 30% within 10 days from the date of execution of the agreement, (ii) 65% within 7 days from the date of the acceptance of quality of the equipment and (iii) 5% within 7 days following the end of the warranty period, i.e. 12 months from the date of equipment shipped out of factory. The agreement relating to the Previous Purchase became effective upon signing by both parties to the agreement. Such equipment was delivered to Petro-king Technology in September 2025. As all the applicable percentage ratios for the Previous Purchase does not exceed 5% on a standalone basis, the Previous Purchase is not subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The transactions contemplated under the Purchase Agreement and the Previous Purchase are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules as these transactions are expected to complete within a 12-month period and involve the acquisition of assets from the Vendor. As one of the applicable percentage ratios for the transactions contemplated under the Purchase Agreement, both on standalone and aggregate basis, exceeds 100%, the entering into the Purchase Agreement and the transactions contemplated thereunder constitute a very substantial acquisition for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Group is principally engaged in the business of the provision of oilfield and gas field technology services covering various stages in the life cycle of oilfields and gas fields including production enhancement, drilling, consultancy and integrated project management, with auxiliary activities in the trading of oilfield and gas field related products.

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

To the best knowledge of the Directors, the Vendor is principally engaged in the manufacture and sale of oilfield equipment. As at the Latest Practicable Date, the Vendor is wholly owned by 烟台杰瑞石油服務集團股份有限公司 (Yantai Jereh Oilfield Services Group Co., Ltd.#), a company incorporated in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002353). The Vendor Group is principally engaged in high-end equipment manufacturing, oil and gas engineering and technical services, oil and gas field development, new energy and recycling businesses.

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

EGM AND PROXY ARRANGEMENT

The Company will convene the EGM for the Shareholders to consider and, if thought fit, approve the resolution to approve the Transaction Agreements and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the transactions and is required to abstain from voting on the resolution approving the Transaction Agreements and the transactions contemplated thereunder at the EGM.

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, the proposed resolution 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 Thursday, 12 March 2026 at 2:30 p.m. is set out on pages EGM-1 to EGM-2 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, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, but in such event the form of proxy shall be deemed to be revoked.

RECOMMENDATIONS

The Directors are of the view that the terms and conditions of the Transaction Agreements are on normal commercial terms and are fair and reasonable, and that the entering into the Transaction Agreements is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction Agreements and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024, and for the six months ended 30 June 2025 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):

- annual report of the Company for the year ended 31 December 2022 published on 25 April 2023 (pages 82 to 202);
- annual report of the Company for the year ended 31 December 2023 published on 24 April 2024 (pages 85 to 182);
- annual report of the Company for the year ended 31 December 2024 published on 15 April 2025 (pages 88 to 182); and
- interim report of the Company for the six months ended 30 June 2025 published on 17 September 2025 (pages 31 to 64).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2025, 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:

	Notes	**As at 31 December 2025** ***HK'$000*** (Unaudited)
Bank borrowings	*1*	82,778
Term loan	*2*	9,300
Employees' loan	*2*	5,558
Independent lender's loan	*2*	1,107
Shareholder's loan	*2*	10,000
Instalment loans	*3*	30,753
Lease liabilities	*4*	3,566
		143,062
Reconciled by:		
Secured and guaranteed		113,531
Unsecured and not guaranteed		29,531
		143,062

Notes:

1. The balances are secured by (a) personal guarantee by a director who is also a substantial shareholder of the Company, (b) corporate guarantee by a subsidiary of the Company and (c) certain trade receivables of the Group.

2. The balances are interest-bearing, unsecured and not guaranteed.

3. The balances are interest-bearing, secured by (a) certain machineries and (b) personal guarantee by a director who is also a substantial shareholder of the Company.

4. The balances are unsecured and not guaranteed.

5. For the purpose of preparation of the indebtedness statement, the exchange rate adopted as at 31 December 2025 is RMB1 = HK$1.1071.

As at 31 December 2025, the Group has provided corporate guarantees on a several and proportional basis to secure certain banking facilities granted to 百勤能源科技(廣東)股份有限公司 (Petro-king Energy Technology Co., Ltd.[#]) (formerly known as 百勤能源科技(惠州)有限公司(Petro-king

Energy Technology (Huizhou) Co., Ltd.[#]) ("**Petro-king Energy**"), an associate of the Group, which are also secured by certain personal and corporate guarantees and certain buildings owned by a subsidiary of Petro-king Energy. The Group's exposure under the corporate guarantees provided to Petro-king Energy was approximately RMB15,135,000 (equivalent to approximately HK$16,756,000) as at 31 December 2025.

Save as disclosed above, as at the close of business on 31 December 2025, 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 (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

[#] *English name for identification purposes only*

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 operations of its oilfield project tools and services based on the expected project schedules, the financial resources available to the Group (including cash and cash equivalents on hand, internally generated funds, and the banking and other credit facilities), and the assumption that the Group is able to extend the existing loan facility from a shareholder of the Company and to obtain the new loan facilities from bank for the oilfield and gas field projects in the PRC, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due and will have sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

Reference is made to the profit warning announcement of the Company published on 8 August 2025 and the interim report of the Company for the six months ended 30 June 2025 published on 17 September 2025, which disclosed a loss attributable to owners of the Company of approximately HK$11.8 million for the six months ended 30 June 2025, as compared with a loss attributable to owners of the Company of approximately HK$0.4 million for the six months ended 30 June 2024. Such increase in loss for the six months ended 30 June 2025 was mainly attributable to a significant decrease in revenue from the production enhancement services provided to the shale gas fields in Southwestern China as a major customer has postponed the production enhancement works of certain shale gas fields to the second half of 2025 in accordance with its internal extraction plan. In addition, the revenue from the provision of supervisory services in the Middle East market decreased as a supervisory service contract in the Middle East market has expired in the six months ended 30 June 2024 and no income was generated from such service contract in the six months ended 30 June 2025.

As at the Latest Practicable Date, save as disclosed above, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2024, 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 year 2025, Brent crude oil price fluctuated between approximately US$58 to approximately US$83 per barrel. With the international oil price remaining relatively stable and the PRC's national policy to encourage shale gas consumption for environmental protection, market demands for production enhancement services and other oilfield services offered by the Group is expected to remain stable in near future.

Following completion of the Transactions, the Group would be equipped with upgraded production enhancement equipment fleet, thereby improving its operational efficiency, better meeting customer requirements, and enhancing its competitiveness and quality of services, as well as meeting the uplifted industry standards and requirements.

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 our 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 various kinds of green and renewable energy projects and/or other new energy related businesses. With the committed efforts of our staff and management, we are cautiously optimistic on the prospects of the Group.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below are the management discussion and analysis of the Group for each of the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as those ascribed in the relevant Company's annual reports and interim report.

For the six months ended 30 June 2025

During the six months ended 30 June 2025 ("**1H2025**"), the Group was principally engaged in the provision of production enhancement services, drilling services, consultancy services for oilfields and gas fields, with auxiliary activities in the trading of oilfield and gas field related products.

Business Segment Analysis

	1H2025 *(HK$ million)*	1H2024 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 1H2025** *(%)*	Approximate percentage of total revenue in 1H2024 *(%)*
Oilfield project tools and services	**105.4**	147.7	-28.6	**94.7**	89.0
Consultancy services	**5.9**	18.2	-67.6	**5.3**	11.0
Total	**111.3**	165.9	-32.9	**100**	100

In 1H2025, the Group's revenue from oilfield project tools and services amounted to approximately HK$105.4 million, which decreased by approximately HK$42.3 million or approximately 28.6% from approximately HK$147.7 million in the six months ended 30 June 2024 ("**1H2024**"). The decrease in revenue from this segment was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

The Group's revenue from consultancy services amounted to approximately HK$5.9 million in 1H2025, which decreased by approximately HK$12.3 million or approximately 67.6%, from approximately HK$18.2 million in 1H2024. The decrease was mainly due to the decrease in the provision of supervisory services in the Middle East market as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025. In addition, the revenue from the provision of integrated project management services in the Middle East market also decreased in 1H2025.

Oilfield Projects Tools and Services

	1H2025 ***(HK$ million)***	**1H2024** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue from oilfield project tools and services in 1H2025** ***(%)***	**Approximate percentage of total revenue from oilfield project tools and services in 1H2024** *(%)*
Production enhancement	**93.7**	136.6	-31.4	**88.9**	92.5
Drilling	**10.7**	8.1	32.1	**10.2**	5.5
Well completion	**1.0**	3.0	-66.7	**0.9**	2.0
Total	**105.4**	147.7	-28.6	**100**	100

Production Enhancement

In 1H2025, the Group's revenue from production enhancement amounted to approximately HK$93.7 million, which decreased by approximately HK$42.9 million or approximately 31.4% from approximately HK$136.6 million in 1H2024. The decrease was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$10.7 million in 1H2025, which increased by approximately HK$2.6 million or approximately 32.1% from approximately HK$8.1 million in 1H2024. The increase was mainly due to the increase in the provision of drilling services in Northwestern China, which was partly offset by the decrease in the provision of drilling services in Uzbekistan.

Well Completion

The Group's revenue from well completion has amounted to approximately HK$1.0 million in 1H2025, which decreased by approximately HK$2.0 million or approximately 66.7% from approximately HK$3.0 million in 1H2024. The decrease was mainly due to the decrease in the sales of well completion tools in Northwestern China, which was partly offset by the increase in the sales of well completion tools in Northern China. In 1H2025, the Group's revenue from well completion includes commission income of approximately HK$0.3 million arising from facilitating the sales of well completion tools from Petro-king Energy Technology Co., Ltd. ("**Petro-king Energy**") and its subsidiaries (collectively referred to as the "**Petro-king Energy Group**") to an independent customer. The related gross proceeds of approximately HK$2.8 million were considered as sales amount receivable by the Group on behalf of the Petro-king Energy Group as an agent. The gross proceeds from these sales, which did not represent revenue, represented the price at which products have been sold inclusive of commission income entitled by the Group. Accordingly, such commission income has been recorded by the Group on a net basis.

Human Resources

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures that set out the requirements on compensation, termination, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and development. To equip our frontline staff with the right skillset and knowledge, we arranged for a series of training courses that cover technical updates in drilling and production enhancement technology, blast management, control at wells and environment management. We also worked with external organisations such as unions and consultants to provide training for the specific needs of certain operations. The Group has arranged 68 training sessions of more than 2,163 hours in total and 131 employees have attended these training programs in 1H2025. Besides, the Company has implemented a talents selection system to expand the promotion channel for employees in order to realise a win-win situation for both the Company and employees.

To cope with the development trend of the industry, the Group streamlined the organisation structure and the cost structure of all service lines as well as the supporting departments. The Company paid high attention to talent introduction and has recruited some international experts who are good at market development as well. The total headcount was 191 employees as at 30 June 2025, representing a decrease of approximately 2.1% as compared with that of 195 employees as at 31 December 2024.

Research and Development

As a high-end integrated oilfield services provider, the Group attaches great importance to technology, and prides itself on introducing innovative products and services in various oilfield services lines, such as turbine-drilling, directional drilling, multistage fracturing, surface facilities for safety and flow control, drilling fluids and fracturing liquid.

In 1H2025, apart from the research and development of oilfield service technologies, the Group has also conducted various studies on new energy utilisation including carbon dioxide geological storage, LNG cold energy utilisation, solidification hydrogen storage, geothermal energy utilisation, and in-situ underground coal-to-hydrogen production technologies.

The Group pays great attention to the registration of patents and always encourages application for patents to protect its intellectual property rights. As at 30 June 2025, the Group had 40 utility model patents and 11 innovation patents and was in the process of applying for 27 utility model patents and 8 innovation patents.

In order to maintain its leading position in the high-end oilfield services sector, the Group would continue its efforts in developing oilfield services tools and technologies through in-house research and development and cooperation with technology companies and research institutes.

Financial Review

Revenue

The Group's revenue amounted to approximately HK$111.3 million in 1H2025, which decreased by approximately HK$54.6 million or approximately 32.9% as compared with that of approximately HK$165.9 million in 1H2024. The decrease in revenue was mainly due to the decrease in the provision of production enhancement services in the China market. The revenue from the provision of production enhancement services decreased by approximately 31.4% from approximately HK$136.6 million in 1H2024 to approximately HK$93.7 million in 1H2025 mainly due to the decrease in the provision of production enhancement services in Southwestern China. In addition, revenue from the Middle East market has decreased by approximately 90.1% from approximately HK$14.2 million in 1H2024 to approximately HK$1.4 million in 1H2025 as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025.

Material Costs

In 1H2025, the Group's material costs were approximately HK$19.5 million, which decreased by approximately 18.1% or approximately HK$4.3 million as compared with that of approximately HK$23.8 million in 1H2024. Material costs accounted for approximately 17.5% of the revenue in 1H2025, which was higher than that of approximately 14.3% in 1H2024. Material costs as a percentage of revenue increased in 1H2025 as the percentage of revenue derived from the provision of production enhancement services, which utilised more raw materials, increased from approximately 82.3% in 1H2024 to approximately 84.2% in 1H2025.

Depreciation of Property, Plant and Equipment

In 1H2025, the depreciation of property, plant and equipment amounted to approximately HK$7.8 million, which decreased by approximately HK$8.2 million or approximately 51.3% as compared with that of approximately HK$16.0 million in 1H2024. Depreciation expense decreased in 1H2025 as certain property, plant and equipment has been fully depreciated in 2024.

Employee Benefit Expenses

In 1H2025, the Group's employee benefit expenses were approximately HK$15.7 million, which decreased by approximately HK$7.8 million or approximately 33.2% as compared with that of approximately HK$23.5 million in 1H2024. The drop in employee benefit expenses in 1H2025 was consistent with the decrease in revenue of the Group during the period.

Technical Service Fees

In 1H2025, the Group's technical service fees amounted to approximately HK$51.5 million, which decreased by approximately HK$19.0 million or approximately 27.0% from approximately HK$70.5 million in 1H2024. Technical service fees accounted for approximately 46.3% of the revenue in 1H2025, which was higher than that of approximately 42.5% in 1H2024. Technical services fees as a percentage of revenue increased in 1H2025 as the percentage of revenue derived from the provision of production enhancement services, which utilised more technical services, increased from approximately 82.3% in 1H2024 to approximately 84.2% in 1H2025.

Other Expenses

The Group recorded other expenses of approximately HK$8.7 million in 1H2025, representing a decrease of approximately HK$2.6 million or approximately 23.0% as compared with that of approximately HK$11.3 million in 1H2024. The decrease in other expenses was mainly due to the decrease in travelling and motor vehicle expenses incurred by the Group resulting from the decrease in revenue in 1H2025.

Other Gains and Losses, net

The Group recorded net other gains of approximately HK$2.8 million in 1H2025, representing an increase of approximately HK$2.6 million as compared with that of approximately HK$0.2 million in 1H2024. The increase in net other gains was mainly due to the increase in government grant received by the Group in 1H2025, being partly offset by the loss on deemed acquisition of interests in associates in 1H2025.

Operating (Loss)/Profit

As a result of the foregoing, the Group has recorded an operating loss of approximately HK$4.7 million in 1H2025 (1H2024: operating profit of approximately HK$7.6 million).

Net Finance Costs

In 1H2025, the Group's net finance costs amounted to approximately HK$5.7 million, which decreased by approximately HK$1.1 million or approximately 16.2% as compared with that of approximately HK$6.8 million in 1H2024. The decrease in net finance costs was mainly due to the repayments of bank and other borrowings in 1H2025.

Share of Results of Associates

In 1H2025, the Group recorded share of loss of associates of approximately HK$0.7 million (1H2024: approximately HK$0.3 million). The balance represented the Group's share of loss of Petro-king Energy Group in 1H2025. Petro-king Energy has not declared any dividend in 1H2025 (1H2024: Nil).

Loss for the Period

As a result of the foregoing, the Group recorded a net loss of approximately HK$11.5 million in 1H2025 as compared with a net loss of approximately HK$0.4 million in 1H2024.

Loss for the Period Attributable to Owners of the Company

As a result of the foregoing, the Group's loss attributable to owners of the Company amounted to approximately HK$11.8 million in 1H2025 as compared with a loss attributable to owners of the Company of approximately HK$0.4 million in 1H2024.

Interests in Associates

As at 30 June 2025, the Group's interests in associates amounted to approximately HK$82.3 million, representing a decrease of approximately HK$2.1 million as compared with that of approximately HK$84.4 million as at 31 December 2024. The decrease was mainly due to the Group's share of loss in the Petro-king Energy Group in 1H2025 and the effect of exchange difference. As at 30 June 2025, the carrying amount of the Group's interest in Petro-king Energy was approximately HK$82.3 million (31 December 2024: HK$84.4 million), which represented approximately 13.7% (31 December 2024: 13.1%) of the Group's total assets. As at 30 June 2025, the Group held approximately 28.11% equity interest in Petro-king Energy (31 December 2024: approximately 27.67%). The Group's equity interest in Petro-king Energy has increased by approximately 0.44% due to the reduction of capital of Petro-king Energy in 1H2025. The Group presently intends to retain its interest in Petro-king Energy for long term investment, but may also consider the needs to partially dispose a portion of its interest in Petro-king Energy depending on the future liquidity requirements of the Group.

Details of the Group's associates as at 30 June 2025 were as follows:

Name of company	Form of business structure	Place of incorporation and business	Approximate percentage of ownership interest	Principal activity
Petro-king Energy	Limited liability company	PRC	28.11%	Research & development of petroleum engineering equipment and repair and maintenance of drilling, well completion equipment and petroleum engineering equipment. Imports, exports, wholesale and deputise petroleum engineering equipment

Name of company	Form of business structure	Place of incorporation and business	Approximate percentage of ownership interest	Principal activity
百勤石油技術(惠州)有限公司 (Petro-king Oil Technology (Huizhou) Co., Ltd.#) ("**Petro-king Technology**")	Limited liability company	PRC	– *(Note)*	Provision of oilfield tools and equipment technology services and research and development in the PRC
Star Petrotech Pte. Ltd. ("**Star Petrotech**")	Limited liability company	Singapore	– *(Note)*	Manufacturing and repairing of other oilfield and gas field machinery and equipment in Singapore
深圳市百勤近海油田服務有限公司 (Shenzhen Petro-king Jinhai Oil Field Services Co., Ltd.#) ("**Petro-king Jinhai**")	Limited liability company	PRC	– *(Note)*	Distribution of and provision of technology services for various equipment including petrochemical, oilfield, safety environmental and telecommunication etc. in the PRC

English name is for identification only.

Note: Petro-king Technology, Star Petrotech and Petro-king Jinhai are direct wholly-owned subsidiaries of Petro-king Energy.

The above associates are accounted for using equity method.

Inventories

As at 30 June 2025, the Group's inventories amounted to approximately HK$8.4 million, which was at the same level as compared with that of approximately HK$8.4 million as at 31 December 2024. The average turnover days of inventories decreased from approximately 131 days in 1H2024 to approximately 78 days in 1H2025. In 1H2025, the Group has implemented a more stringent policy to control the level of inventories which contributed to the decrease in average inventory turnover days.

Trade Receivables

As at 30 June 2025, the Group's trade receivables amounted to approximately HK$153.3 million, representing a decrease of approximately HK$48.3 million or approximately 24.0% as compared with that of approximately HK$201.6 million as at 31 December 2024. The average turnover days of trade receivables were approximately 289 days in 1H2025, representing an increase of approximately 83 days as compared with that of approximately 206 days in 1H2024. The increase in average turnover days of trade receivables was mainly due to the decrease in revenue in 1H2025.

Contract Assets

The contract assets primarily relate to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 30 June 2025, the Group's contract assets amounted to approximately HK$119.4 million, representing an increase of approximately HK$9.3 million or approximately 8.4% as compared with that of approximately HK$110.1 million as at 31 December 2024. The increase was mainly due to the increase in unbilled works related to the provision of production enhancement services to certain customers in 1H2025.

Trade Payables

As at 30 June 2025, the Group's trade payables were approximately HK$189.4 million, which decreased by approximately HK$13.8 million or approximately 6.8% as compared with that of approximately HK$203.2 million as at 31 December 2024. The average turnover days of trade payables increased from approximately 426 days in 1H2024 to approximately 500 days in 1H2025, representing an increase of approximately 74 days. The increase in the average turnover days of trade payables was mainly resulted from the decrease in material costs and technical service fees incurred in 1H2025.

Liquidity and Capital Resources

The Group's objectives in capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital, while maximising returns to shareholders through improving the debts and equity balance.

As at 30 June 2025, the Group had cash and cash equivalents of approximately HK$18.8 million, representing an increase of approximately HK$3.2 million as compared with that of approximately HK$15.6 million as at 31 December 2024. The cash and cash equivalents were mainly held in RMB and US dollars ("**US$**").

As at 30 June 2025, the Group's bank and other borrowings amounted to approximately HK$146.7 million (31 December 2024: approximately HK$147.2 million), of which approximately 76.4% (31 December 2024: approximately 72.3%) was repayable within one year. As at 30 June 2025, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst 92.5% (31 December 2024: 100%) of such borrowings bore interest at fixed lending rate and 7.5% (31 December 2024: Nil) of such borrowings bore interest at floating lending rate.

As at 30 June 2025, bank deposits of approximately RMB28.9 million (equivalent to approximately HK$31.7 million) (31 December 2024: RMB26.6 million, equivalent to approximately HK$28.7 million) have been frozen by the courts pending the outcome of an appeal in relation to the claims of technical service fees of approximately RMB28.9 million, together with any interest accrued thereon, by a service provider against an indirectly wholly-owned subsidiary of the Company. Further details of the claims and the appeal were set out in the Company's announcements dated 29 January, 12 June and 2 July 2024. The appeal hearing has taken place on 26 May 2025 but no ruling result has been issued by the court.

As at 30 June 2025, the Group has pledged certain machineries with carrying values of approximately HK$56.7 million to secure certain instalment loans granted to the Group (31 December 2024: approximately HK$59.1 million). In addition, certain trade receivables of approximately HK$79.5 million (31 December 2024: HK$71.9 million) was pledged to secure certain bank borrowings of the Group as at 30 June 2025.

Gearing ratio

As at 30 June 2025, the Group's gearing ratio (calculated as dividing net debt by total capital) was approximately 36.2% (31 December 2024: approximately 36.7%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings" and "current and non-current lease liabilities") less total cash (including "restricted bank deposits" and "cash and cash equivalents"). Total capital is calculated as "equity" plus net debt.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US$ and RMB. The foreign exchange risk mainly arises from the trade and other receivables, contract assets, cash and cash equivalents, trade and other payables, intra-group balance, bank and others borrowings and lease liabilities in foreign currencies. The Group has not used any financial instrument for hedging purpose in 1H2025 (1H2024: Nil).

Off-balance Sheet Arrangements

As at 30 June 2025, the Group did not have any off-balance sheet arrangements (31 December 2024: Nil).

Capital Commitment

As at 30 June 2025, the Group did not have any capital commitment (31 December 2024: Nil).

For the year ended 31 December 2024

During the year ended 31 December 2024 (the "**Year 2024**"), the Group was principally engaged in the provision of oilfield and gas field technology services covering various stages in the life of oilfields and gas fields including production enhancement, drilling, consultancy and integrated project management as well as trading of oilfield and gas field related products.

Operating Segment Analysis

Set out below is a breakdown of revenue by operating segments:

	2024 ***(HK$ million)***	**2023** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue in 2024** ***(%)***	**Approximate percentage of total revenue in 2023** *(%)*
Oilfield project tools and services	**267.5**	262.9	1.7%	**91.5%**	83.5%
Consultancy services	**24.9**	51.9	-52.0%	**8.5%**	16.5%
Total	**292.4**	314.8	-7.1%	**100%**	100%

In 2024, the Group's revenue from oilfield project tools and services amounted to approximately HK$267.5 million, which increased by approximately HK$4.6 million or approximately 1.7% from approximately HK$262.9 million in 2023. The increase in revenue from the China market was mainly due to the increase in the sales of well completion products and the increase in the provision of drilling services to customers, which was partly offset by the decrease in provision of production enhancement services.

The Group's revenue from consultancy services amounted to approximately HK$24.9 million in 2024, which decreased by approximately HK$27.0 million or approximately 52.0%, from approximately HK$51.9 million in 2023. The decrease was mainly due to the decrease in the provision of consultancy services in the Middle East as a result of the completion of certain service contracts in the first quarter of 2024 which were not subsequently renewed.

Oilfield Project Tools and Services

Set out below is a breakdown of revenue from the oilfield project tools and services:

	2024 ***(HK$ million)***	**2023** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue from oilfield project tools and services in 2024** ***(%)***	**Approximate percentage of total revenue from oilfield project tools and services in 2023** *(%)*
Production enhancement	**235.4**	242.4	-2.9%	**88.0%**	92.2%
Drilling	**26.5**	20.4	29.9%	**9.9%**	7.8%
Well completion	**5.6**	0.1	5,500.0%	**2.1%**	0.0%

	2024 *(HK$ million)*	2023 *(HK$ million)*	Approximate percentage change *(%)*	Approximate percentage of total revenue from oilfield project tools and services in 2024 *(%)*	Approximate percentage of total revenue from oilfield project tools and services in 2023 *(%)*
Total	**267.5**	262.9	1.7%	**100%**	100%

Production Enhancement

In 2024, the Group's revenue from production enhancement services amounted to approximately HK$235.4 million, which decreased by approximately HK$7.0 million or approximately 2.9% from approximately HK$242.4 million in 2023. The decrease was mainly due to the decrease in production enhancement services provided in Northern China and Northwestern China, which was partly offset by the increase in production enhancement services provided in Southwestern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$26.5 million in 2024, which increased by approximately HK$6.1 million or approximately 29.9% from approximately HK$20.4 million in 2023. The increase was mainly due to the increase in drilling services provided in Northwestern China and other overseas regions, partly offset by the decrease in the provision of drilling services in Northern China.

In 2024, the Group completed drilling services for 18 wells (2023: 15). The drilling services were mainly provided in Northwestern China and other overseas regions.

Well Completion

In 2024, the Group's revenue from well completion amounted to approximately HK$5.6 million, which increased by approximately HK$5.5 million or approximately 5,500.0% from approximately HK$0.1 million in 2023. The increase was mainly due to the increase in the sales of well completion tools in the China market.

Financial Review

Revenue

During the Year 2024, the Group's revenue amounted to approximately HK$292.4 million, which decreased by approximately HK$22.4 million as compared to that of approximately HK$314.8 million in 2023, representing a decrease of approximately 7.1%. The decrease in revenue was mainly due to the decrease in the provision of consultancy services in the Middle East as a result of the completion of certain service contracts in the first quarter of 2024 which were not subsequently renewed.

Material Costs

During the Year 2024, the Group's material costs were approximately HK$41.4 million, which decreased by approximately HK$6.7 million or approximately 13.9% as compared with that of approximately HK$48.1 million in 2023. Material costs represented approximately 14.2% of the revenue in 2024, which was slightly lower than that of approximately 15.3% in 2023. The decrease in material costs as a percentage of revenue in 2024 was mainly resulted from the increase in the utilisation of electrical fracturing equipment for the Group's production enhancement services provided in the PRC, which in turn decreased the use of diesel during the Year 2024.

Depreciation of Property, Plant and Equipment

During the Year 2024, the depreciation of property, plant and equipment amounted to approximately HK$24.0 million, which decreased by approximately HK$10.6 million or approximately 30.6% as compared with that of approximately HK$34.6 million in 2023. Depreciation decreased as certain property, plant and equipment has been fully depreciated during the third quarter of 2024.

Employee Benefit Expenses

During the Year 2024, the Group's employee benefit expenses were approximately HK$44.0 million, which decreased by approximately HK$4.6 million or approximately 9.5% as compared with that of approximately HK$48.6 million in 2023. Employee benefit expenses decreased in 2024 as the Group has retained fewer employees upon the completion of certain supervisory service contracts in the Middle East in the first quarter of 2024 which were not subsequently renewed.

Technical Service Fees

During the Year 2024, the Group's technical service fees amounted to approximately HK$124.4 million, which decreased by approximately HK$18.7 million or approximately 13.1% from approximately HK$143.1 million in 2023. Technical service fees decreased in 2024 as the Group has utilised less technical services for the production enhancement projects in Southwestern China during the Year 2024.

Net Reversal of Impairment/(Impairment Loss) on Financial Assets

During the Year 2024, net reversal of impairment on financial assets amounted to approximately HK$11.2 million, as compared net impairment loss on financial assets of approximately HK$5.6 million in 2023. The net reversal of impairment on financial assets was due to the improvement in the credit quality of certain trade debtors in 2024.

Impairment Loss on Goodwill

As certain contracts for the Group's consultancy services provided in the Middle East was not expected to be renewed in 2024, the Group assessed the recoverable amount of goodwill in relation to the consultancy cash-generating unit ("**CGU**") and an impairment loss of HK$58.9 million was recognised in 2023. Based on the impairment testing of the CGU, no impairment loss was recognised in 2024.

Other Gains and Losses, Net

During the Year 2024, the Group recorded net other losses of approximately HK$4.6 million (2023: net other gains of approximately HK$28.3 million). Net other losses mainly include fair value loss on financial assets and financial liabilities at FVTPL during the Year 2024.

Operating Profit/(Loss)

As a result of the foregoing, the Group's operating profit in 2024 amounted to approximately HK$5.2 million, as compared with operating loss of approximately HK$68.5 million in 2023.

Share of Results of Associates

During the Year 2024, the Group recorded share of net loss of associates of approximately HK$7.0 million (2023: share of net profit of HK$8.7 million). The balance mainly represented the Group's share of results of the Petro-king Energy Group during the Year 2024. Petro-king Energy has not declared any dividend in 2024 (2023: Nil).

Loss for the Year

As a result of the foregoing, the Group's loss for the Year 2024 amounted to approximately HK$14.7 million, which decreased by approximately HK$60.0 million or approximately 80.3% as compared with that of approximately HK$74.7 million in 2023.

Loss for the Year Attributable to Owners of the Company

As a result of the foregoing, the Group's loss for the year attributable to owners of the Company in 2024 was approximately HK$17.8 million, which decreased by approximately HK$55.7 million or approximately 75.8% as compared with that of approximately HK$73.5 million in 2023.

Property, Plant and Equipment

Property, plant and equipment mainly include items such as plant and machinery, service equipment, motor vehicles, furniture, office equipment, computers, fixtures and fittings. As at 31 December 2024, the Group's property, plant and equipment amounted to approximately HK$108.2 million, which decreased by approximately HK$19.1 million or approximately 15.0% from approximately HK$127.3 million as at 31 December 2023. The decrease was mainly due to depreciation expense charged during the Year 2024.

Interests in Associates

As at 31 December 2024, the Group's interests in associates amounted to approximately HK$84.4 million, representing a decrease of approximately HK$6.3 million as compared with that of approximately HK$90.7 million as at 31 December 2023. The decrease was mainly due to the Group's share of loss in the Petro-king Energy Group in 2024 and the Group's disposal of approximately 0.78% equity interest in Petro-king Energy in 2024. As at 31 December 2024, the carrying amount of the Group's interest in Petro-king Energy was approximately HK$84.4 million (31 December 2023: HK$90.7 million), which represented approximately 13.1% (31 December 2023: 12.7%) of the Group's total assets. As at 31 December 2024, the Group held approximately 27.67% equity interest in Petro-king Energy (31 December 2023: approximately 28.45%). The Group's equity interest in Petro-king Energy has decreased by approximately 0.78% due to the Group's partial disposal of its equity interest in Petro-king Energy in 2024. The Group presently intends to retain the major part of its interest in Petro-king Energy for long term investment, but would also consider the needs to partially dispose a portion of its interest in Petro-king Energy depending on the future liquidity requirements of the Group.

Other Receivables and Deposits

As at 31 December 2024, the sum of current and non-current other receivables and deposits amounted to approximately HK$42.2 million, representing a decrease of approximately HK$23.5 million or approximately 35.8% as compared with that of approximately HK$65.7 million as at 31 December 2023. The decrease in other receivables and deposits was mainly resulted from the repayment of certain amounts due from the Petro-king Energy Group in 2024.

Inventories

As at 31 December 2024, the Group's inventories amounted to approximately HK$8.4 million, representing a decrease of approximately HK$12.7 million or approximately 60.2% as compared with that of approximately HK$21.1 million as at 31 December 2023. The decrease in the level of inventories was mainly resulted from the consumption of inventories during the Year 2024. The inventory turnover days in 2024 was approximately 130 days, which was similar to that of approximately 129 days in 2023.

Trade Receivables

As at 31 December 2024, the Group's trade receivables amounted to approximately HK$201.6 million, representing a decrease of approximately HK$4.1 million or approximately 2.0% as compared with that of approximately HK$205.7 million as at 31 December 2023. The average turnover days of trade receivables was approximately 255 days in 2024, representing an increase of approximately 8 days as compared with that of approximately 247 days in 2023. Trade receivables turnover days increased mainly due to the slightly slower collection of receivables from the Group's customers.

Contract Assets

The contract assets are primarily related to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 31 December 2024, the Group's contract assets amounted to approximately HK$110.1 million, representing a decrease of approximately HK$10.0 million or approximately 8.3% as compared with that of approximately HK$120.1 million as at 31 December 2023. The decrease was mainly due to the decrease in unbilled works related to the provision of production enhancement services to certain customers in 2024.

Trade Payables

As at 31 December 2024, the Group's trade payables were approximately HK$203.2 million, which decreased by approximately HK$19.5 million or approximately 8.8% as compared with that of approximately HK$222.7 million as at 31 December 2023. The average turnover days of trade payables increased from approximately 445 days in 2023 to approximately 470 days in 2024, representing an increase of approximately 25 days. The increase in turnover days of trade payables mainly resulted from the slower payment of trade payables to suppliers in 2024.

Liquidity and Capital Resources

The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and to reduce the cost of capital, while maximising the return to shareholders through improving the debt and equity balance.

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately HK$15.6 million, representing a decrease of approximately HK$10.7 million as compared with that of approximately HK$26.3 million as at 31 December 2023. The cash and cash equivalents were mainly held in RMB and US$.

As at 31 December 2024, bank deposits of approximately RMB26.6 million (equivalent to approximately HK$28.7 million) (31 December 2023: RMB4.8 million, equivalent to approximately HK$5.3 million) have been frozen by the courts pending the outcome of an appeal in relation to the claims of technical service fees of approximately RMB28.9 million, together with any interest accrued thereon, by a service provider against an indirectly wholly-owned subsidiary of the Company

(the "**Defendant**"). Further details of the claims and the appeal were set out in the Company's announcements dated 29 January, 12 June and 2 July 2024. On 25 March 2025, the Defendant has received a hearing summons issued by the court with the appeal hearing date set at 26 May 2025.

As at 31 December 2024, the Group's bank and other borrowings amounted to approximately HK$147.2 million (31 December 2023: HK$187.1 million), of which approximately 72.3% (31 December 2023: 54.5%) was repayable within one year. As at 31 December 2024, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst all (31 December 2023: 100%) of such borrowings bore interests at fixed lending rates.

As at 31 December 2024, certain machineries of the Group with carrying values of approximately HK$59.1 million (31 December 2023: HK$73.1 million) were pledged to secure certain instalment loans granted to the Group. In addition, certain trade receivables of approximately HK$71.9 million (31 December 2023: HK$108.9 million) was pledged to secure certain bank borrowings of the Group as at 31 December 2024.

Gearing Ratio

As at 31 December 2024, the Group's gearing ratio (calculated as net debt divided by total capital) was approximately 36.7% (2023: 45.3%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings and lease liabilities") less total cash (including "restricted bank deposits" and "cash and cash equivalents"). Total capital is calculated as "equity" plus net debt.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US$ and RMB. Foreign exchange risk mainly arises from trade and other receivables, cash and cash equivalents, trade and other payables, intra-group balance and bank borrowings in foreign currencies.

Capital Commitment

As at 31 December 2024, the Group did not have any capital commitment (31 December 2023: Nil).

Off-balance Sheet Arrangements

As at 31 December 2024, the Group did not have any off-balance sheet arrangements (31 December 2023: Nil).

Human Resources

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures with detailed requirements on compensation, dismissal, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and

development. To equip our frontline staff with the right skillset and knowledge, we arranged a series of training courses that cover technical update of drilling and completion technology, technical practice training, control at wells and environment management. We have also worked with external organisations such as unions and consultants to provide trainings for the specific needs of the Group's operations. The Group arranged 133 trainings consisting of more than 9,222 hours in total and 178 employees attended these training programs in 2024.

To cope with the development trend of the industry, the Company paid high attention to talent introduction. The total headcount was 195 employees as at 31 December 2024, which decreased by approximately 23.8% as compared with that of 256 employees as at 31 December 2023. The decrease in the number of employees was mainly due to the completion of certain consultancy service contracts in the Middle East in the first quarter of 2024 which were not subsequently renewed.

Research and Development

As a high-end integrated oilfield services provider, the Group attaches great importance to technology, and prides itself on introducing innovative products and services in various oilfield service lines, such as directional drilling, multistage fracturing, surface facilities for safety and flow control, drilling fluids and fracturing liquid.

During the Year 2024, apart from the research and development of oilfield service technologies, the Group has also conducted various studies on new energy utilisation including carbon dioxide geological storage, LNG cold energy utilisation, solidification hydrogen storage, geothermal energy utilisation, and in-situ underground coal-to-hydrogen production technologies.

The Group pays great attention to the registration of patents and always encourages employees to apply for patents. As at 31 December 2024, the Group had 33 utility model patents and 10 innovation patents and was applying for 33 utility model patents and 8 innovation patents.

In 2025, the Group would continue its efforts in developing technologies through in-house research and development and through cooperation with other technology companies and research institutes.

For the year ended 31 December 2023

During the year ended 31 December 2023 (the "**Year 2023**"), the Group was principally engaged in the provision of oilfield and gas field technology services covering various stages in the life of oilfields and gas fields including drilling and production enhancement as well as trading of oilfield and gas field related products.

Operating Segment Analysis

Set out below is a breakdown of revenue by operating segments:

	2023 ***(HK$ million)***	**2022** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue in 2023** ***(%)***	**Approximate percentage of total revenue in 2022** *(%)*
Oilfield project tools and services	**262.9**	277.8	-5.4%	**83.5%**	88.5%
Consultancy services	**51.9**	36.0	44.2%	**16.5%**	11.5%
Total	**314.8**	313.8	0.3%	**100%**	100%

In 2023, the Group's revenue from oilfield project tools and services amounted to approximately HK$262.9 million, which decreased by approximately HK$14.9 million or approximately 5.4% from approximately HK$277.8 million in 2022. The decrease was mainly due to the decrease in the sales of well completion tools and the decrease in the drilling services provided in the China market.

The Group's revenue from consultancy services amounted to approximately HK$51.9 million in 2023, which increased by approximately HK$15.9 million or approximately 44.2%, from approximately HK$36.0 million in 2022. The increase was mainly due to the increase in supervisory services provided in the overseas market.

Oilfield Project Tools and Services

Set out below is a breakdown of revenue from the oilfield project tools and services:

	2023 ***(HK$ million)***	**2022** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue from oilfield project tools and services in 2023** ***(%)***	**Approximate percentage of total revenue from oilfield project tools and services in 2022** *(%)*
Production enhancement	**242.4**	243.4	-0.4%	**92.2%**	87.7%
Drilling	**20.4**	25.1	-18.7%	**7.8%**	9.0%
Well completion	**0.1**	9.3	-98.9%	**0.0%**	3.3%
Total	**262.9**	277.8	-5.4%	**100%**	100%

Production Enhancement

In 2023, the Group's revenue from production enhancement services amounted to approximately HK$242.4 million, which decreased by approximately HK$1.0 million or approximately 0.4% from approximately HK$243.4 million in 2022. The decrease was mainly due to the decrease in production enhancement services provided in Northwestern China and Southwestern China, which was partly offset by the increase in production enhancement services provided in Northern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$20.4 million in 2023, which decreased by approximately HK$4.7 million or approximately 18.7% from approximately HK$25.1 million in 2022. The decrease was mainly due to the decrease in drilling services provided in Northern China, Northwestern China and other regions in China.

In 2023, the Group completed drilling services for 15 wells (2022: 14). The drilling services were mainly provided in Northern China and Northwestern China.

Well Completion

In 2023, the Group's revenue from well completion amounted to approximately HK$0.1 million, which decreased by approximately HK$9.2 million or approximately 98.9% from approximately HK$9.3 million in 2022. The decrease was mainly due to the decrease in the sales of well completion tools in the China market.

The revenue from well completion in 2023 was mainly derived from the China market.

Financial Review

Revenue

During the Year 2023, the Group's revenue amounted to approximately HK$314.8 million, which increased by approximately 0.3% as compared to that of approximately HK$313.8 million in 2022, representing an increase of approximately HK$1.0 million. The increase in revenue was mainly due to the increase in supervisory services provided in the Middle East, being partly offset by the decrease in the sales of well completion products and the decrease in drilling services provided in the China market.

Material Costs

During the Year 2023, the Group's material costs were approximately HK$48.1 million, which decreased by approximately HK$22.6 million or approximately 32.0% as compared with that of approximately HK$70.7 million in 2022. Material costs represented approximately 15.3% of the revenue in 2023, which was lower than that of approximately 22.5% in 2022. The decrease in

material costs as a percentage of revenue in 2023 was mainly resulted from the decrease in the sales of well completion products in 2023 and the use of less diesel in the Group's production enhancement services provided in 2023.

Depreciation of Property, Plant and Equipment

During the Year 2023, the depreciation of property, plant and equipment amounted to approximately HK$34.6 million, which decreased by approximately HK$0.7 million or approximately 2.0% as compared with that of approximately HK$35.3 million in 2022. Depreciation decreased as certain property, plant and equipment has been fully depreciated in 2022.

Technical Service Fees

During the Year 2023, the Group's technical service fees amounted to approximately HK$143.1 million, which increased by approximately HK$18.9 million or approximately 15.2% from approximately HK$124.2 million in 2022. Technical service fees increased in 2023 as the Group has utilised more technical services for the production enhancement projects in northern China and for the supervisory services provided in the Middle East in 2023.

Entertainment and Marketing Expenses

During the Year 2023, entertainment and marketing expenses amounted to approximately HK$12.7 million, which increased by approximately HK$5.6 million or approximately 78.9% from approximately HK$7.1 million in 2022. The increase in entertainment and marketing expenses in 2023 was resulted from the increase in marketing activities following the removal of most COVID-related preventive measures by the PRC government in early 2023.

Net (Impairment Loss)/Reversal of Impairment on Financial Assets

During the Year 2023, net impairment loss on financial assets amounted to approximately HK$5.6 million, as compared to net reversal of impairment on financial assets of approximately HK$5.7 million in 2022. The net impairment loss on financial assets in 2023 was mainly related to certain customers in the China market.

Impairment Loss on Goodwill

As certain contracts for the Group's consultancy services provided in the Middle East was not expected to be renewed in 2024, the Group assessed the recoverable amount of goodwill in relation to the consultancy services cash-generating unit ("**CGU**") and an impairment loss of approximately HK$58.9 million (2022: Nil) was recognised in 2023.

The Group has entered into contracts to provide supervisory services to a customer for its oilfield project in the Middle East since 2015. There had been stable relationship with this customer and the service contracts had been renewed every year since then. Accordingly, when performing the valuation of the consultancy services CGU as at 31 December 2022 (the "**2022 Valuation**"), the Group had used an estimated compound annual growth rate of revenue ("**CAGR**") of approximately

5% for the next five years and adopted a terminal growth rate of 3%. The results of the 2022 Valuation warranted that no impairment loss should be recognised for the year ended 31 December 2022.

However, in December 2023, the general manager of the customer informed the head of the Group's middle east project department that, upon expiry of the current contract in the first quarter of 2024, the customer would not renew the service contract (the "**Middle East Contract**") with the Group as the customer would perform the supervisory works internally in order to save its operating costs. For the years ended 31 December 2021, 2022 and 2023, the Middle East Contract contributed approximately 83%, 75% and 65% to the revenue of the consultancy services segment, respectively. Accordingly, the Group estimated that the revenue for the Group's consultancy services CGU would have a significant drop in annual revenue growth rate of approximately -53% in 2024, approximately -41% in 2025 and 0% for 2026 to 2028 with a CAGR of approximately -23% for the next five-year financial budgets and adopted a terminal growth rate of 3% when performing the valuation of the consultancy services CGU as at 31 December 2023 (the "**2023 Valuation**"). The results of the 2023 Valuation indicated that the recoverable amount of the consultancy services CGU was approximately HK$42.4 million. The carrying amount of the consultancy services CGU was approximately HK$101.3 million, so the recoverable amount of the consultancy services CGU was lower than the carrying amount of the consultancy services CGU by approximately HK$58.9 million. Pursuant to International Accounting Standard 36 – Impairment of Assets, the impairment loss shall be allocated first to reduce the carrying amount of the goodwill allocated to the consultancy services CGU and as a result, an impairment loss of goodwill of approximately HK$58.9 million should be recognised for the year ended 31 December 2023.

As at the end of the reporting period, except for the Middle East Contract, the directors were not aware of any incident or event that would adversely affect the execution of other existing material contracts.

Other Gains and Losses, Net

During the Year 2023, the Group recorded net other gains of approximately HK$28.3 million (2022: HK$2.5 million). The increase in net other gains was mainly resulted from the increases in gains on dilution and disposal of interests in associates, the increase in gain on disposal of property, plant and equipment and the increase in government grant. During the Year 2023, the Group disposed approximately 1.32% equity interest in Petro-king Energy to certain independent third parties at an aggregated consideration of RMB8.0 million. Gain on disposal of interest in associates of approximately HK$3.6 million was recorded during the Year 2023. Further details of these disposals were disclosed in the Company's announcements dated 18 July 2023 and 2 January 2024.

Operating Loss

As a result of the foregoing, the Group's operating loss in 2023 amounted to approximately HK$68.5 million, which increased by approximately HK$44.2 million or approximately 181.9% as compared with that of approximately HK$24.3 million in 2022.

Finance Costs, Net

During the Year 2023, the Group's net finance costs amounted to approximately HK$11.5 million, which increased by approximately HK$5.5 million or approximately 91.7% as compared with that of approximately HK$6.0 million in 2022. Such increase in net finance costs was mainly resulted from the increase in interest expense in relation to the instalment loans incurred for the acquisition of certain fracturing equipment which was completed in the fourth quarter of 2022 and the decrease in interest income received from Petro-king Energy and its subsidiaries during 2023.

Share of Net Profits of Associates

During the Year 2023, the Group recorded share of net profits of associates of approximately HK$8.7 million (2022: HK$3.6 million). The balance mainly represented the Group's share of net profit of the Petro-king Energy Group during the Year 2023. Petro-king Energy has not declared any dividend in 2023 (2022: Nil).

Loss for the Year

As a result of the foregoing, the Group's loss for the Year 2023 amounted to approximately HK$74.7 million, which increased by approximately HK$47.2 million or approximately 171.6% as compared with that of approximately HK$27.5 million in 2022.

Loss for the Year Attributable to Owners of the Company

As a result of the foregoing, the Group's loss for the year attributable to owners of the Company in 2023 was approximately HK$73.5 million, which increased by approximately HK$44.9 million or approximately 157.0% as compared with that of approximately HK$28.6 million in 2022.

Property, Plant and Equipment

Property, plant and equipment mainly include items such as plant and machinery, service equipment, motor vehicles, furniture, office equipment, computers, fixtures and fittings. As at 31 December 2023, the Group's property, plant and equipment amounted to approximately HK$127.3 million, which decreased by approximately HK$36.4 million or approximately 22.2% from approximately HK$163.7 million as at 31 December 2022. The decrease was mainly due to depreciation expense charged during the Year 2023.

Intangible Assets

As at 31 December 2023, the Group's intangible assets represented the net book amount of the goodwill attributable to the Group's consultancy services CGU. The balance of the Group's intangible assets decreased by approximately HK$58.9 million from approximately HK$85.7 million as at 31 December 2022 to approximately HK$26.8 million as at 31 December 2023 as the Group has recognised an impairment loss on goodwill of approximately HK$58.9 million (2022: Nil) in 2023.

Interests in Associates

As at 31 December 2023, the Group's interests in associates amounted to approximately HK$90.7 million, representing an increase of approximately HK$17.0 million as compared with that of approximately HK$73.7 million as at 31 December 2022. The increase was mainly due to the Group's share of net profit in the Petro-king Energy Group in 2023 and the gain on dilution of interests in Petro-king Energy resulting from certain capital enlargement completed by Petro-king Energy in 2023, being partly offset by the Group's disposal of approximately 1.32% equity interest in Petro-king Energy during the Year 2023. As at 31 December 2023, the fair value of the Group's interest in Petro-king Energy was approximately HK$90.7 million (31 December 2022: HK$73.7 million), which represented approximately 12.7% (31 December 2022: 9.0%) of the Group's total assets. As at 31 December 2023, the Group held approximately 28.45% equity interest in Petro-king Energy (31 December 2022: 32.73%). The Group's equity interest in Petro-king Energy has decreased by approximately 4.28% during the year ended 31 December 2023 as the Group has disposed approximately 1.32% equity interest in Petro-king Energy during the Year 2023 and as Petro-king Energy has completed certain capital enlargement during 2023. The Group presently intends to retain the major part of its interest in Petro-king Energy for long term investment, but would also consider the needs to partially dispose a minor portion of its interest in Petro-king Energy depending on the future liquidity requirements of the Group.

Other Receivables and Deposits

As at 31 December 2023, the sum of current and non-current other receivables and deposits amounted to approximately HK$65.7 million, representing a decrease of approximately HK$31.4 million or approximately 32.3% as compared with that of approximately HK$97.1 million as at 31 December 2022. The decrease in other receivables and deposits was mainly resulted from the repayment of certain amounts due from the Petro-king Energy Group in 2023.

Inventories

As at 31 December 2023, the Group's inventories amounted to approximately HK$21.1 million, representing an increase of approximately HK$8.2 million or approximately 63.6% as compared with that of approximately HK$12.9 million as at 31 December 2022. The average turnover days of inventories increased from approximately 96 days in 2022 to approximately 129 days in 2023. The increase in inventory turnover days was mainly due to slower consumption of inventories by the Group in 2023.

Trade Receivables

As at 31 December 2023, the Group's trade receivables amounted to approximately HK$205.7 million, representing a decrease of approximately HK$15.0 million or approximately 6.8% as compared with that of approximately HK$220.7 million as at 31 December 2022. The average turnover days of trade receivables was approximately 247 days in 2023, representing an increase of approximately 11 days as compared with that of approximately 236 days in 2022. Trade receivables turnover days increased mainly due to the slightly slower collection of receivables from the Group's customers.

Contract Assets

The contract assets are primarily related to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 31 December 2023, the Group's contract assets amounted to approximately HK$120.1 million, representing an increase of approximately HK$12.4 million or approximately 11.5% as compared with that of approximately HK$107.7 million as at 31 December 2022. The increase was mainly due to the increase in unbilled works related to the provision of production enhancement services to certain customers in 2023.

Trade Payables

As at 31 December 2023, the Group's trade payables were approximately HK$222.7 million, which decreased by approximately HK$21.0 million or approximately 8.6% as compared with that of approximately HK$243.7 million as at 31 December 2022. The average turnover days of trade payables increased from approximately 377 days in 2022 to approximately 445 days in 2023, representing an increase of approximately 68 days. The increase in turnover days of trade payables mainly resulted from the decrease in material costs in 2023.

Liquidity and Capital Resources

The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and to reduce the cost of capital, while maximising the return to shareholders through improving the debt and equity balance.

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately HK$26.3 million, representing a decrease of approximately HK$13.7 million as compared with that of approximately HK$40.0 million as at 31 December 2022. The cash and cash equivalents were mainly held in RMB and US$.

As at 31 December 2023, the Group's bank and other borrowings amounted to approximately HK$187.1 million (31 December 2022: HK$227.4 million), of which approximately 54.5% (31 December 2022: 41.9%) was repayable within one year. As at 31 December 2023, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst all (31 December 2022: 100%) of such borrowings bore interests at fixed lending rates.

As at 31 December 2023, certain machineries of the Group with carrying values of approximately HK$73.1 million (31 December 2022: HK$84.7 million) were pledged to secure certain instalment loans granted to the Group. In addition, certain trade receivables of approximately HK$108.9 million (31 December 2022: HK$150.0 million) was pledged to secure certain bank borrowings of the Group as at 31 December 2023.

Gearing Ratio

As at 31 December 2023, the Group's gearing ratio (calculated as net debt divided by total capital) was approximately 45.3% (2022: 42.2%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings and lease liabilities") less total cash (including "restricted bank deposits" and "cash and cash equivalents"). Total capital is calculated as "equity" plus net debt.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US$ and RMB. Foreign exchange risk mainly arises from trade and other receivables, cash and cash equivalents, trade and other payables, intra-group balance and bank borrowings in foreign currencies.

Capital Commitment

As at 31 December 2023, the Group did not have any capital commitment (31 December 2022: Nil).

Off-balance Sheet Arrangements

As at 31 December 2023, the Group did not have any off-balance sheet arrangements (31 December 2022: Nil).

Human Resources

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures with detailed requirements on compensation, dismissal, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and development. To equip our frontline staff with the right skillset and knowledge, we arranged a series of training courses that cover technical update of drilling and production enhancement technology, technical practice training and environment management. We have also worked with external organisations such as unions and consultants to provide trainings for the specific needs of the Group's operations. The Group arranged 142 trainings consisting of more than 9,791 hours in total and 224 employees attended these training programs in 2023.

To cope with the development trend of the industry, the Company paid high attention to talent introduction. The total headcount was 256 employees as at 31 December 2023, which increased by approximately 3.2% as compared with that of 248 employees as at 31 December 2022.

Research and Development

As a high-end integrated oilfield services provider, the Group attaches great importance to technology, and prides itself on introducing innovative products and services in various oilfield service lines, such as directional drilling, multistage fracturing, surface facilities for safety and flow control, drilling fluids and fracturing liquid.

The Group pays great attention to the registration of patents and always encourages employees to apply for patents. As at 31 December 2023, the Group had 23 utility model patents and 8 innovation patents and was applying for 6 utility model patents and 7 innovation patents.

In 2024, the Group would continue its efforts in developing technologies through in-house research and development and through cooperation with oilfield service technology companies and institutes.

For the year ended 31 December 2022

During the year ended 31 December 2022 (the "**Year 2022**"), the Group continued to engage in the provision of oilfield and gas field technology services covering various stages in the life of oilfields and gas fields including drilling, well completion and production enhancement as well as trading of oilfield and gas field related products.

During the Year 2022, the Group has acquired a total of 8 units of new mechanical fracturing trucks at an aggregate consideration of approximately RMB76,000,000 (tax inclusive) (equivalent to approximately HK$85,000,000) and disposed of 4 units of old hydraulic fracturing trucks at an aggregate consideration of approximately RMB20,000,000 (tax inclusive) (equivalent to approximately HK$22,782,000). The purchase of these new equipment allowed the Group to upgrade its existing fracturing equipment to enhance its competitiveness and quality of services, as well as to fulfil the uplifted industry standards and requirements, and to cope with the increasing market demands for production enhancement services in the PRC. Further details of such acquisition of new equipment and disposal of old equipment are set out in the Company's announcements dated 26 August 2022, 28 September 2022 and 24 October 2022 and the Company's circular dated 22 November 2022, respectively.

The disposal of Petro-king Energy in June 2021 constituted discontinued operations in the financial statements as it represented the cessation of a major line of business in the manufacturing of oilfield products. Comparative financial figures from continuing operations in 2021 were used for the purpose of analysing the Group's revenue and financial performance for the Year 2022.

Operating Segment Analysis

Set out below is a breakdown of revenue by operating segments:

	2022 ***(HK$ million)***	**2021** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue in 2022** *(%)*	**Approximate percentage of total revenue in 2021** ***(%)***
Oilfield project tools and services	277.8	135.9	104.4%	88.5%	82.9%
Consultancy services	36.0	28.1	28.1%	11.5%	17.1%
Total	313.8	164.0	91.3%	100%	100%

In 2022, the Group's revenue from oilfield project tools and services amounted to approximately HK$277.8 million, which increased by approximately HK$141.9 million or approximately 104.4% from approximately HK$135.9 million in 2021. The increase was mainly due to the increase in production enhancement services provided in the China market.

The Group's revenue from consultancy services amounted to approximately HK$36.0 million in 2022, which increased by approximately HK$7.9 million or approximately 28.1%, from approximately HK$28.1 million in 2021. The increase was mainly due to the increase in supervisory services provided in both the China market and the overseas market.

Oilfield Project Tools and Services

Set out below is a breakdown of revenue from the oilfield project tools and services:

	2022 ***(HK$ million)***	**2021** *(HK$ million)*	**Approximate percentage change** *(%)*	**Approximate percentage of total revenue from oilfield project tools and services in 2022** ***(%)***	**Approximate percentage of total revenue from oilfield project tools and services in 2021** ***(%)***
Production enhancement	243.4	96.3	152.8%	87.7%	70.9%
Drilling	**25.1**	28.8	-12.8%	**9.0%**	21.2%
Well completion	**9.3**	10.8	-13.9%	**3.3%**	7.9%
Total	**277.8**	135.9	104.4%	**100%**	100%

Production Enhancement

In 2022, the Group's revenue from production enhancement services amounted to approximately HK$243.4 million, which increased by approximately HK$147.1 million or approximately 152.8% from approximately HK$96.3 million in 2021. The increase was mainly due to the increase in production enhancement services provided in Southwestern China and Northern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$25.1 million in 2022, which decreased by approximately HK$3.7 million or approximately 12.8% from approximately HK$28.8 million in 2021. The decrease was mainly due to the decrease in drilling services provided in Northern China, partly offset by the increase in drilling services provided in Northwestern China.

In 2022, the Group completed drilling services for 14 wells (2021: 22). The drilling services were mainly provided in Northern China and Northwestern China.

Well Completion

In 2022, the Group's revenue from well completion amounted to approximately HK$9.3 million, which decreased by approximately HK$1.5 million or approximately 13.9% from approximately HK$10.8 million in 2021. The decrease was mainly due to the decrease in the sales of well completion tools in both the China market and the overseas market in 2022.

The revenue from well completion in 2022 was mainly derived from the China market.

Financial Review

The disposal of Petro-king Energy in June 2021 constituted discontinued operations in the financial statements as it represented a major line of business in the manufacturing of oilfield products. Comparative financial figures from continuing operations for the year ended 31 December 2021 was used for the purpose of analysis of the Group's revenue and financial performance for the Year 2022.

Revenue

During the Year 2022, the Group's revenue amounted to approximately HK$313.8 million, which increased by approximately 91.3% as compared to that of approximately HK$164.0 million in 2021, representing an increase of approximately HK$149.8 million. The increase in revenue was mainly due to the increase in revenue from the provision of production enhancement services in China.

Material Costs

During the Year 2022, the Group's material costs were approximately HK$70.7 million, which increased by approximately HK$59.3 million or approximately 520.2% as compared with that of approximately HK$11.4 million in 2021. Material costs represented approximately 22.5% of the

revenue in 2022, which was higher than that of approximately 7.0% in 2021. The increase in material costs as a percentage of revenue in 2022 mainly resulted from the decrease in the unit price of the fracturing services provided by the Group and the increase in diesel price in 2022.

Depreciation of Property, Plant and Equipment

During the Year 2022, the depreciation of property, plant and equipment amounted to approximately HK$35.3 million, which decreased by approximately HK$4.4 million or approximately 11.1% as compared with that of approximately HK$39.7 million in 2021. Depreciation decreased as certain property, plant and equipment has been fully depreciated in 2021.

Technical Service Fees

During the Year 2022, the Group's technical service fees amounted to approximately HK$124.2 million, which increased by approximately HK$74.1 million or approximately 147.9% from approximately HK$50.1 million in 2021. Such increase in technical service fees mainly resulted from the increase in the provision of production enhancement service in 2022.

Entertainment and Marketing Expenses

During the Year 2022, entertainment and marketing expenses amounted to approximately HK$7.1 million, which decreased by approximately HK$6.2 million or approximately 46.6% from approximately HK$13.3 million in 2021. The decrease in entertainment and marketing expenses in 2022 resulted from the decrease in marketing activities following the adoption of stringent preventive measures by the government to cope with the spread of the COVID-19 pandemic in China during 2022.

Net Reversal of Impairment/(Impairment Loss) on Financial Assets

During the Year 2022, net reversal of impairment on financial assets amounted to approximately HK$5.7 million, as compared to net impairment loss of approximately HK$9.6 million in 2021. Such net reversal of impairment on financial assets was due to the overall improvement in the quality of the financial assets in 2022.

Impairment Loss on Goodwill

During the Year 2022, the Group has not recorded any impairment loss on goodwill (2021: HK$9.8 million) as the financial performance of the Group has improved in 2022 as a result of the increase in revenue amid the stabilisation of international oil price.

Impairment Loss on/Write-off of Property, Plant and Equipment

During the Year 2022, the Group has not recorded any impairment loss on property, plant and equipment (2021: HK$15.3 million) as the financial performance of the Group has improved in 2022 as a result of the increase in revenue amid the stabilisation of international oil price.

Other Gains and Losses, Net

During the Year 2022, the Group recorded net other gains of approximately HK$2.5 million, as compared to net other gains of approximately HK$10.8 million for the year ended 31 December 2021. This mainly resulted from the decrease in government grant received in 2022.

Operating Loss

As a result of the foregoing, the Group's operating loss in 2022 amounted to approximately HK$24.3 million, which decreased by approximately HK$56.2 million or approximately 69.8% as compared with that of approximately HK$80.5 million in 2021.

Finance Costs, Net

During the Year 2022, the Group's net finance costs amounted to approximately HK$6.0 million, which decreased by approximately HK$12.3 million or approximately 67.2% as compared with that of approximately HK$18.3 million in 2021. Such decrease in net finance costs mainly resulted from the repayment of certain borrowings by the Group in 2022. In addition, the Group has recorded interest income of approximately HK$3.8 million (2021: HK$1.8 million) from the Petro-king Energy Group during 2022.

Share of Net Profits of Associates

During the Year 2022, the Group recorded share of net profits of associates of approximately HK$3.6 million (2021: HK$4.4 million). The balance mainly represented the Group's share of net profit of the Petro-king Energy Group during the Year 2022.

Loss for the Year

As a result of the foregoing, the Group's loss for the Year 2022 amounted to approximately HK$27.5 million, which decreased by approximately HK$67.1 million or approximately 70.9% as compared with that of approximately HK$94.6 million in 2021.

Loss for the Year Attributable to Owners of the Company

As a result of the foregoing, the Group's loss for the year attributable to owners of the Company in 2022 was approximately HK$28.6 million, which decreased by approximately HK$65.9 million or approximately 69.7% as compared with that of approximately HK$94.5 million in 2021.

Property, Plant and Equipment

Property, plant and equipment mainly include items such as buildings, plant and machinery, service equipment, motor vehicles, furniture, office equipment, computers, fixtures and fittings. As at 31 December 2022, the Group's property, plant and equipment amounted to approximately HK$163.7 million, which increased by approximately HK$6.1 million or approximately 3.9% from

approximately HK$157.6 million as at 31 December 2021. The increase mainly due to the purchase of 8 new mechanical fracturing trucks during the Year 2022, partly offset by the disposal of 4 hydraulic fracturing trucks and the depreciation expense charged during the Year 2022.

Interests in Associates

As at 31 December 2022, the Group's interests in associates amounted to approximately HK$73.7 million, representing an increase of approximately HK$6.4 million as compared with that of approximately HK$67.3 million as at 31 December 2021. As at 31 December 2022, the fair value of the Group's interest in Petro-king Energy was approximately HK$73,724,000, which represented approximately 9.0% (2021: 9.4%) of the Group's total assets. In addition, the Group has loan receivables of approximately HK$46,030,000 due from Petro-king Energy and its subsidiaries as at 31 December 2022 (2021: HK$52,239,000). Petro-king Energy and its subsidiaries are principally engaged in the research and development, production and trading of oilfield and gas field related products. The Group currently intends to retain its interest in Petro-king Energy as a long term strategic investment.

Other Receivables and Deposits

As at 31 December 2022, the sum of current and non-current other receivables and deposits amounted to approximately HK$97.1 million, representing a decrease of approximately HK$20.7 million or approximately 17.6% as compared with that of approximately HK$117.8 million as at 31 December 2021. The decrease in other receivables and deposits mainly resulted from the receipt of VAT refunds, the repayment of performance bonds from a customer, and the repayment of certain amount due from the Petro-king Energy Group in 2022.

Inventories

As at 31 December 2022, the Group's inventories amounted to approximately HK$12.9 million, representing a decrease of approximately HK$11.4 million or approximately 46.9% as compared with that of approximately HK$24.3 million as at 31 December 2021. The decrease was mainly due to quicker consumption of inventories by the Group in 2022. The average turnover days of inventories decreased from approximately 667 days in 2021 to approximately 96 days in 2022. The decrease in inventory turnover days was mainly due to quicker consumption of inventories by the Group in 2022.

Trade Receivables

As at 31 December 2022, the Group's trade receivables amounted to approximately HK$220.7 million, representing an increase of approximately HK$35.7 million or approximately 19.3% as compared with that of approximately HK$185.0 million as at 31 December 2021. The average turnover days of trade receivables was approximately 236 days in 2022, representing a decrease of approximately 215 days as compared with that of approximately 451 days in 2021. Trade receivables turnover days decreased due to the increase in revenue in 2022 and quicker collection of receivables from the Group's customers.

Contract Assets

The contract assets are primarily related to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 31 December 2022, the Group's contract assets amounted to approximately HK$107.7 million, representing an increase of approximately HK$84.0 million or approximately 354.4% as compared with that of approximately HK$23.7 million as at 31 December 2021. The increase was mainly due to the increase in unbilled works related to the provision of production enhancement services to certain customers in 2022.

Trade Payables

As at 31 December 2022, the Group's trade payables were approximately HK$243.7 million, which increased by approximately HK$85.1 million or approximately 53.7% as compared with that of approximately HK$158.6 million as at 31 December 2021. The average turnover days of trade payables decreased from approximately 954 days in 2021 to approximately 377 days in 2022, representing a decrease of approximately 577 days. The decrease in turnover days of trade payables mainly resulted from the increase in material costs and technical service fees in 2022.

Liquidity and Capital Resources

The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and to reduce the cost of capital, while maximising the return to shareholders through improving the debt and equity balance.

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately HK$40.0 million, representing an increase of approximately HK$13.5 million as compared with that of approximately HK$26.5 million as at 31 December 2021. The cash and cash equivalents were mainly held in RMB and US$.

As at 31 December 2022, the Group's bank and other borrowings amounted to approximately HK$227.4 million (31 December 2021: HK$185.3 million), of which approximately 41.9% (31 December 2021: 62.1%) was repayable within one year. As at 31 December 2022, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst all (31 December 2021: 100%) of such borrowings bore interests at fixed lending rates.

As at 31 December 2022, certain machineries of the Group with carrying values of approximately HK$84.7 million (31 December 2021: HK$7.2 million) were pledged to secure certain instalment loans granted to the Group. In addition, certain trade receivables of approximately HK$149,958,000 (2021: HK$103,780,000) was pledged to secure certain bank borrowings of the Group as at 31 December 2022.

Gearing Ratio

As at 31 December 2022, the Group's gearing ratio (calculated as net debt divided by total capital) was approximately 42.2% (2021: 35.5%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings and lease liabilities") less total cash (including "pledged bank deposits" and "cash and cash equivalents"). Total capital is calculated as "equity" plus net debt.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US$ and RMB. Foreign exchange risk mainly arises from trade and other receivables, cash and cash equivalents, trade and other payables, intra-group balance and bank borrowings in foreign currencies. The Group has not used any financial instrument for hedging purposes during the Year 2022.

Capital Commitment

As at 31 December 2022, the Group did not have any capital commitment (2021: Nil).

Off-balance Sheet Arrangements

As at 31 December 2022, the Group did not have any off-balance sheet arrangements (2021: Nil).

Human Resources

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures with detailed requirements on compensation, dismissal, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and development. To equip our frontline staff with the right skillset and knowledge, we arranged a series of training courses that cover technical update of drilling and completion technology, technical practice training, control at wells and environment management. We have also worked with external organisations such as unions and consultants to provide trainings for the specific needs of the Group's operations. The Group arranged 108 trainings consisting of more than 8,328 hours in total and 186 employees attended these training programs in 2022.

To cope with the development trend of the industry, the Company paid high attention to talent introduction. Employee remuneration and bonus were determined with reference to the prevailing market conditions, the staffs' expertise, qualifications and their duties and responsibilities in the Group's affairs. In addition, the Group had adopted a share option scheme to attract, retain and motivate talented participants to strive for future developments and expansion of the Group. The share option scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. The total headcount was 248 employees as at 31 December 2022, which increased by approximately 16.4% as compared with that of 213 employees as at 31 December 2021. The number of employees increased in 2022 as additional technicians were hired to cope with the increase in production enhancement services provided by the Group.

Research and Development

As a high-end integrated oilfield services provider, the Group attaches great importance to technology, and prides itself on introducing innovative products and services in various oilfield service lines, such as directional drilling, multistage fracturing, down-hole completion, surface facilities for safety and flow control, drilling fluids and fracturing liquid.

The Group pays great attention to the registration of patents and always encourages employees to apply for patents. As at 31 December 2022, the Group had 12 utility model patents and 6 innovation patents and was applying for 4 innovation patents.

In 2023, the Group would continue its efforts in developing technologies through in-house research and development and through cooperation with oilfield service technology companies and institutes.

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 C1 to the Listing Rules were as follows:

(i) Interest of the Directors

Name of Director	Capacity/Nature of interest	Number of shares *(Note 1)*	Approximate percentage of interest in the Company
Mr. Wang Jinlong	Interest in a controlled corporation *(Note 2)*	488,920,138 (L)	28.32%
Mr. Zhao Jindong	Beneficial owner *(Note 3)*	6,020,000 (L)	0.35%
Mr. Lin Jingyu	Beneficial owner *(Note 4)*	10,984,854 (L)	0.64%
Mr. Zhang Dawei	Beneficial owner *(Note 5)*	500,000 (L)	0.03%
Mr. Xin Junhe	Beneficial owner *(Note 5)*	500,000 (L)	0.03%
Mr. Leung Lin Cheong	Beneficial owner *(Note 5)*	500,000 (L)	0.03%

Notes:

1. "L" denotes long position and "S" denotes short position.

2. Mr. Wang Jinlong 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 of the Company. Therefore, Mr. Wang Jinlong is taken to be interested in the number of shares of the Company held by King Shine pursuant to Part XV of the SFO.

3. 6,000,000 share options were granted to Mr. Zhao Jindong on 10 January 2023. Therefore under Part XV of the SFO, Mr. Zhao Jindong is taken to be interested in the underlying shares of the Company that he is entitled to subscribe for subject to the exercise of the share options granted. Apart from the grant of share options, 20,000 shares were also beneficially owned by Mr. Zhao Jindong.

4. 9,500,000 share options were granted to Mr. Lin Jingyu on 10 January 2023. Therefore under Part XV of the SFO, Mr. Lin Jingyu is taken to be interested in the underlying shares of the Company that he is entitled to subscribe for subject to the exercise of the share options granted. Apart from the grant of share options, 1,484,854 shares were also beneficially owned by Mr. Lin Jingyu.

5. 500,000 share options were granted to each of Mr. Zhang Dawei, Mr. Xin Junhe and Mr. Leung Lin Cheong, respectively on 10 January 2023. Therefore, under Part XV of the SFO, each of Mr. Zhang Dawei, Mr. Xin Junhe and Mr. Leung Lin Cheong is taken to be interested in the underlying shares of the Company that each of them is entitled to subscribe for subject to the exercise of the respective share options granted.

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 C1 to the Listing Rules.

(ii) Interest of substantial Shareholders and other persons

Name of shareholder	Capacity/Nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of the issued share capital of 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%
Termbray Industries International (Holdings) Limited ("**Termbray Indus-tries**")	Beneficial owner	1,532,015 (L)	0.09%

Name of shareholder	Capacity/Nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited	Beneficial owner	335,737,745 (L)	19.44%
	Interest in a controlled corporation *(Note 3)*	1,532,015 (L)	0.09%
HSBC International Trustee Limited ("**HKIT**")	Trustee *(Note 3)*	337,269,760 (L)	19.53%
Mr. Lee Lap	Founder of a discretionary trust *(Note 3)*	337,269,760 (L)	19.53%
Jade Win Investment Limited ("**Jade Win**")	Beneficial owner	136,303,475 (L)	7.89%
Jade Max Holdings Limited ("**Jade Max**")	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%
Exceltop Holdings Limited ("**Exceltop**")	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%
T.C.L. Industries Holdings (H.K.) Limited ("**TCL HK**")	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%
TCL Corporation	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%

Notes:

1. "L" denotes long position and "S" denotes short position.

2. Ms. Zhou Xiaojun is the spouse of Mr. Wang Jinlong. Therefore, Ms. Zhou Xiaojun is deemed to be interested in the shares of the Company in which Mr. Wang Jinlong is interested for the purpose of the SFO.

3. Lee & Leung (B.V.I.) Limited directly holds approximately 19.44% of the total number of issued shares of the Company. It also holds approximately 46.96% of the issued share capital in Termbray Industries, where Termbray Industries directly holds 1,532,015 shares of the Company. Therefore, Lee & Leung (B.V.I.) Limited is taken to be interested in the number of shares of the Company 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 of the Company in which Lee & Leung (B.V.I.) Limited is interested for the purpose of the SFO.

4. According to the corporate substantial shareholder notices filed by TCL Corporation on 21 June 2016 and by TCL HK, Exceltop, Jade Max and Jade Win on 3 April 2013, 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 of the Company directly held by Jade Win pursuant to Part XV of the SFO.

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. MATERIAL CONTRACTS

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

(a) the Purchase Agreement dated 19 January 2026 entered into between Petro-king Technology as the buyer and the Vendor as the seller in relation to the purchase of 15 units of Model YLC105-1860 (model 2500) fracturing truck (YLC105-1860 (2500型) 壓裂車) and 2 units of Model YBQ32-2 instrument sled (YBQ32-2型儀錶橇) at a total consideration of RMB124,000,000 (equivalent to approximately HK$137,838,000), tax inclusive, as detailed in the announcement of the Company dated 19 January 2026;

(b) the Sale Agreement dated 19 January 2026 entered into between Petro-king Technology as the seller and the Vendor as the buyer in relation to the disposal of 15 units of existing fracturing trucks (壓裂車) and 2 units of existing instrument trucks (儀錶車) at a total consideration of RMB85,500,000 (equivalent to approximately HK$95,042,000), tax inclusive, as detailed in the announcement of the Company dated 19 January 2026;

(c) the Offset Agreement dated 19 January 2026 entered into between Petro-king Technology and the Vendor in relation to the offset of the total consideration receivable by Petro-king Technology from the Vendor arising from the disposal of the Existing Equipment in accordance with the terms of the Sale Agreement on a dollar-for-dollar basis, being RMB82,500,000 (equivalent to approximately HK$91,707,000), tax inclusive, against the total consideration payable by Petro-king Technology to the Vendor arising from the purchase of the New Equipment in accordance with the terms of the Purchase Agreement; and

(d) the sale and purchase agreement dated 27 January 2026 entered into between Petro-king Technology as the buyer and Sany Energy Equipment Co., Ltd.# (三一能源裝備有限公司) as the seller in relation to the purchase of 2 units of 130 bucket blender trucks (130桶混砂車), comprising of one unit of the model SYR5350THS (triple auger/screw mixer) (三絞龍) in new condition and one unit of the model SYR5331THS (double auger/screw mixer) (雙絞龍) in used condition at a total consideration of RMB8,050,000 (equivalent to approximately HK$9,045,000), tax inclusive, as detailed in the announcement of the Company dated 27 January 2026.

6. COMPETING BUSINESS

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

7. DIRECTORS' INTERESTS IN CONTRACTS, ARRANGEMENTS AND ASSETS

As at the Latest Practicable Date: (i) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and (ii) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

8. LITIGATION

In January 2024, an indirectly wholly-owned subsidiary of the Company (the "**Defendant**") has been served with a writ of Summon (the "**Writ**") issued by 深圳市南山區人民法院 (Shenzhen City Nanshan District People's Court*) (the "**Court**") dated on 3 January 2024. As stated in the statement of claims attached to the Writ, a service provider of the Defendant (the "**Plaintiff**"), claimed against the Defendant for technical service fees of approximately RMB28.9 million, together with any accrued interest, payable by the Defendant to the Plaintiff (the "**Claim**").

On 11 June 2024, the Defendant received a civil ruling issued by the Court dated 31 May 2024 (the "**Ruling**") in relation to the Claim. Pursuant to the Ruling: (i) the Defendant shall pay the technical service fees in the sum of approximately RMB12.6 million, together with any interest accrued thereon since 30 November 2023 to the Plaintiff (instead of the amount of approximately RMB28.9 million and any interest accrued as claimed by the Plaintiff); (ii) all other claims made by the Plaintiff against the Defendant have been rejected; and (iii) all counterclaims made by the Defendant against the Plaintiff have been rejected.

On 2 July 2024, the Defendant was informed by its PRC legal advisor that the Plaintiff has filed an appeal (the "**Appeal**") against the Ruling with 深圳市中級人民法院 (Shenzhen Intermediate People's Court*) (the "**Appeal Court**").

On 26 May 2025, the Defendant had attended the Appeal hearing, but no ruling result has been issued by the Appeal Court. As at the Latest Practicable Date, the Appeal Court has not yet issued the result of the Appeal.

Further details of the Claim and the Appeal were set out in the Company's announcements dated 29 January 2024, 12 June 2024 and 2 July 2024.

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

9. DOCUMENTS ON DISPLAY

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

(a) the Purchase Agreement;

(b) the Sale Agreement;

(c) the Offset Agreement; and

(d) this circular.

10. MISCELLANEOUS

(a) The registered office of the Company is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.

(b) The principal place of business of the Company in Hong Kong is at Suite 1603A, 16/F, Tower 1, Silvercord, 30 Canton Road, Kowloon, Hong Kong.

(c) The branch share registrar of the Company in Hong Kong is Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The company secretary of the Company is Mr. Chan Kwok Yuen, Elvis, the chief financial officer of the Company. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, a Chartered Financial Analyst of the CFA Institute and a member of the Hong Kong Society of Financial Analysts.

(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 Thursday, 12 March 2026 at 2:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. "THAT:

(a) the Sale Agreement, the Purchase Agreement, and the Offset Agreement (collectively, the "**Transaction Agreements**"), each dated 19 January 2026 entered into between 深圳市百勤石油技術有限公司 (Petro-king Oilfield Technology Limited#) and 烟台杰瑞石油装備技術有限公司 (Yantai Jereh Petroleum Equipment & Technologies Co., Ltd.#), and the transactions contemplated thereunder be hereby approved, ratified and confirmed; and

(b) any one director of the Company be and are hereby authorised to do all such acts and things and execute all such further documents or deeds as he/she may, in his/her absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Transaction Agreements and the transactions contemplated thereunder, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith."

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

Hong Kong, 16 February 2026

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 Monday, 9 March 2026 to Thursday, 12 March 2026, both days inclusive, during which period no transfer of shares will be registered. The record date will be Thursday, 12 March 2026 and 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, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 6 March 2026.

(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 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 certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).

(d) Completion and delivery of the form of proxy shall not preclude members from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy previously submitted by such member(s) shall be deemed to be revoked.

(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) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Hong Kong Government is/are in effect any time after 11:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Company (http://www.petro-king.cn) and on the website of the Stock Exchange (http://www.hkexnews.hk) to notify Shareholders of the date, time and venue of the rescheduled meeting.

(g) The Sale Agreement, the Purchase Agreement and the Offset Agreement will be approved, ratified and confirmed by the shareholders in a single ordinary resolution due to the fact that the transactions under the respective agreements are interdependent and linked forming one significant proposal. Although the three agreements are separate, the material implications are that if any of the transactions is not approved, the other transactions will not become effective, and the whole proposal will not materialise. Therefore, given the reasons and material implications, a single ordinary resolution will be proposed at the EGM for the shareholders to approve, ratify and confirm the Sale Agreement, the Purchase Agreement and the Offset Agreement.

As at the date of this notice, the executive directors of the Company are Mr. Zhao Jindong, Mr. Lin Jingyu and Ms. Zhou Sisi; the non-executive director of the Company is Mr. Wang Jinlong; and the independent non-executive directors of the Company are Mr. Leung Lin Cheong, Mr. Xin Junhe and Mr. Zhang Dawei.

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