

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Petro-king
百勤油服
PETRO-KING OILFIELD SERVICES LIMITED
百勤油田服務有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2178)

**(I) CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS FOR
THE FRAMEWORK SALE AND PURCHASE AGREEMENT;
(II) PROPOSED RE-ELECTION OF DIRECTOR;
AND
(III) NOTICE OF THE EGM**

Financial adviser to Petro-king Oilfield Services Limited



SOMERLEY CAPITAL LIMITED

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



FDB Financial Group Ltd
灃展金融集團有限公司

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

A letter from the Board is set out on pages 7 to 18 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 31 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 Friday, 25 November 2022 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible 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. **In view of the ongoing COVID-19 pandemic, you are encouraged to appoint the chairman of the EGM as proxy to attend and vote on your behalf at the EGM or any adjournment thereof.**

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

7 November 2022

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PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE EGM

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

VOTING BY PROXY IN ADVANCE OF THE EGM

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

PRECAUTIONARY MEASURES AT THE EGM

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

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

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

PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE EGM

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

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

DEFINITIONS

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

“Articles of Association”	the second amended and restated articles of association of the Company as amended from time to time
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	Petro-king Oilfield Services Limited (百勤油田服務有限公司), a company incorporated in the British Virgin Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2178)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the resolution relating to the Supplemental Framework Agreement and the transactions contemplated thereunder
“Existing Annual Cap(s)”	the existing annual caps in respect of the transactions contemplated under the Framework Sale and Purchase Agreement for the period from 24 February 2022 to 31 December 2022 and for each of the two financial years ending 31 December 2023 and 2024
“Framework Sale and Purchase Agreement”	the framework sale and purchase agreement dated 24 February 2022 entered into between the PRC Subsidiaries and the Petro-king Huizhou Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Leung Lin Cheong, Mr. Xin Junhe and Mr. Zhang Dawei, formed to advise the Independent Shareholders in respect of the Supplemental Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	FDB Financial Group Limited, a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Wang and his associates
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	1 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Jinlong, the chairman of the Company and a non-executive Director, who through his controlled corporation, is deemed to be interested in approximately 28.32% of the entire issued Shares as at the Latest Practicable Date
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules

DEFINITIONS

“Petro-king Chongqing”	百勤(重慶)油氣工程技術服務有限公司 (Petro-king (Chongqing) Oil and Gas Technical Services Co., Ltd. [#]), a company established in the PRC with limited liability and is indirectly owned as to 80% by the Company
“Petro-king Drilling”	深圳市百勤鑽井技術有限公司 (Shenzhen Petro-king Drilling Technology Co., Ltd. [#]), a company established in the PRC with limited liability and is indirectly owned as to 80% by the Company
“Petro-king Huizhou”	百勤能源科技(惠州)有限公司 (Petro-king Energy Technology (Huizhou) Co., Ltd. [#]), a company established in the PRC with limited liability
“Petro-king Huizhou Group”	collectively, Petro-king Huizhou and Star Petrotech
“PRC”	the People’s Republic of China
“PRC Subsidiaries”	collectively, Shenzhen Petro-king, Petro-king Chongqing and Petro-king Drilling
“Revised Annual Cap(s)”	the revised annual caps in respect of the transactions contemplated under the Framework Sale and Purchase Agreement (as amended and supplemented by the Supplemental Framework Agreement) for the period from 24 February 2022 to 31 December 2022 and for each of the two financial years ending 31 December 2023 and 2024
“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)
“Shenzhen Petro-king”	深圳市百勤石油技術有限公司 (Shenzhen Petro-king Oil Technology Co., Ltd. [#]), a company established in the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company
“Star Petrotech”	Star Petrotech Pte. Ltd., a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of Petro-king Huizhou

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Framework Agreement”	a supplemental agreement to the Framework Sale and Purchase Agreement dated 12 October 2022 entered into between the PRC Subsidiaries and the Petro-king Huizhou Group
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Unless otherwise stated, translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.1040. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate or at all.

Petro-king

百勤油服

PETRO-KING OILFIELD SERVICES LIMITED

百勤油田服務有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2178)

Executive Directors:

Mr. Zhao Jindong

Mr. Huang Yu

Non-executive Directors:

Mr. Wang Jinlong (*Chairman*)

Mr. Wong Shiu Kee

Independent non-executive Directors:

Mr. Leung Lin Cheong

Mr. Xin Junhe

Mr. Zhang Dawei

Registered Office:

Commerce House

Wickhams Cay 1

P.O. Box 3140

Road Town, Tortola

British Virgin Islands

VG1110

Principal Place of Business in

Hong Kong:

Suite 1603A, 16/F

Tower 1, Silvercord

30 Canton Road

Kowloon, Hong Kong

7 November 2022

To the Shareholders

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS FOR
THE FRAMEWORK SALE AND PURCHASE AGREEMENT;
(II) PROPOSED RE-ELECTION OF DIRECTOR;
AND
(III) NOTICE OF THE EGM**

INTRODUCTION

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

LETTER FROM THE BOARD

THE FRAMEWORK SALE AND PURCHASE AGREEMENT AND THE SUPPLEMENTAL FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 24 February 2022 and 12 October 2022 in relation to the transactions contemplated under the Framework Sale and Purchase Agreement and the Supplemental Framework Agreement.

As market demands for well completion products, production enhancement products and drilling products offered by the Group are expected to grow in the foreseeable future, the Board envisages that the Existing Annual Caps in respect of the transactions contemplated under the Framework Sale and Purchase Agreement for each of the three financial years ending 31 December 2022, 2023 and 2024 will not be sufficient, and that the purchase amount of the abovementioned products by the PRC Subsidiaries from the Petro-king Huizhou Group for the financial year ending 31 December 2022 may soon exceed the Existing Annual Cap in 2022. As such, on 12 October 2022 (after trading hours), the PRC Subsidiaries entered into the Supplemental Framework Agreement with the Petro-king Huizhou Group, to increase the Existing Annual Caps for the three financial years ending 31 December 2022, 2023 and 2024.

The principal terms and conditions of the Framework Sale and Purchase Agreement and the Supplemental Framework Agreement are set out below:

Parties

- (1) The PRC Subsidiaries; and
- (2) The Petro-king Huizhou Group

Term

The Framework Sale and Purchase Agreement has a term for the period commencing from 24 February 2022 and ending on 31 December 2024 (both days inclusive).

The Framework Sale and Purchase Agreement is renewable by the PRC Subsidiaries and the Petro-king Huizhou Group in writing prior to its expiration, subject to compliance with the Listing Rules and all applicable laws and regulations.

Nature of the transactions

Pursuant to the Framework Sale and Purchase Agreement, the PRC Subsidiaries agreed to purchase from the Petro-king Huizhou Group, and the Petro-king Huizhou Group agreed to sell to the PRC Subsidiaries, well completion products, production enhancement products and drilling products during the term of the Framework Sale and Purchase Agreement.

LETTER FROM THE BOARD

Particulars of the Framework Sale and Purchase Agreement

Pursuant to the Framework Sale and Purchase Agreement, the PRC Subsidiaries and the Petro-king Huizhou Group will enter into a separate agreement for each purchase order to set out the transaction details, including without limitation, the product specification, price, volume, time of delivery and payment terms.

The product price shall be determined based on the prevailing market price at the time when the separate agreement is entered into, and shall take into account at least two other product quotations and terms for similar type of products with similar quality and quantities obtained from Independent Third Parties to determine if the price and terms offered by the Petro-king Huizhou Group are fair and reasonable and comparable.

In determining the prevailing market price, in addition to obtaining at least two quotations from Independent Third Parties as mentioned above, the Company will also take into account, among others, the historical and recent purchase price for similar type of products with similar quality and quantities with the Petro-king Huizhou Group and other Independent Third Parties, and the selling price of the products to the Group's end customers.

The Company will conduct market researches and enquiries with industry players, and monitor the pricing for transactions of the same or similar type in the market and solicit at least two other quotations and terms from Independent Third Parties for products in similar quality and quantities, in order to ensure that the price and terms under the transactions to be entered into pursuant to the Framework Sale and Purchase Agreement are fair and reasonable and on normal commercial terms, and that the actual price and terms for the transactions between the PRC Subsidiaries and the Petro-king Huizhou Group will be not less favourable to the PRC Subsidiaries than those offered by Independent Third Parties for transactions of the same or similar type. In the event that such price and terms for the transactions between the PRC Subsidiaries and the Petro-king Huizhou Group are less favourable to the PRC Subsidiaries than those offered by Independent Third Parties, the PRC Subsidiaries will negotiate with the Petro-king Huizhou Group to ensure that such price and terms will not be less favourable.

The officer of the purchasing department will conduct market researches and enquiries with industry players, and compile a list of product quotations and terms for similar type of products in similar quality and quantities, from the Petro-king Huizhou Group and at least two Independent Third Parties. The head of the purchasing department will compare the product quotations and terms, and such comparison summary will be subject to approvals of the head of the business department, as well as the Chief Executive Officer of the Company. There is a proper and complete separation of duties, and no staff or management of the Petro-king Huizhou Group will be involved in the internal control and approval procedures.

LETTER FROM THE BOARD

The parties to the Framework Sale and Purchase Agreement agree that the sale and purchase of the well completion products, production enhancement products and drilling products under the Framework Sale and Purchase Agreement shall be on normal commercial terms, on terms that are fair and reasonable, and in compliance with the applicable laws and regulations (including the Listing Rules), the parties' business needs and their own approval conditions and procedures.

Revision of the Existing Annual Caps

Parties to the Supplemental Framework Agreement agreed that the maximum value of products to be purchased by the PRC Subsidiaries from the Petro-king Huizhou Group under the Framework Sale and Purchase Agreement (as amended and supplemented by the Supplemental Framework Agreement) will be increased from HK\$9,900,000 for the period from 24 February 2022 to 31 December 2022 and for each of the two financial years ending 31 December 2023 and 2024 to RMB15,000,000 (equivalent to approximately HK\$16,560,000), RMB20,000,000 (equivalent to approximately HK\$22,080,000) and RMB22,000,000 (equivalent to approximately HK\$24,288,000), respectively:

	For the period from 24 February 2022 to 31 December 2022	For the financial year ending 31 December 2023	For the financial year ending 31 December 2024
Existing Annual Caps	HK\$9,900,000	HK\$9,900,000	HK\$9,900,000
Revised Annual Caps	RMB15,000,000	RMB20,000,000	RMB22,000,000

Note: As purchases from the Petro-king Huizhou Group will be denominated in RMB, it is proposed that the Revised Annual Caps will also be denominated in RMB for the purpose of currency alignment and better monitoring.

The Supplemental Framework Agreement will become effective, subject to the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the transactions contemplated under the Supplemental Framework Agreement, including but not limited to the Company having obtained approval from the Independent Shareholders at the EGM to be convened and held in relation to the transactions contemplated under the Supplemental Framework Agreement.

Save for the Revised Annual Caps, other terms and conditions of the Framework Sale and Purchase Agreement remain unchanged and continue to be in full force and effect.

LETTER FROM THE BOARD

BASIS OF THE REVISED ANNUAL CAPS AND HISTORICAL FIGURES

For the period from 24 February 2022 to the Latest Practicable Date, the Group purchased oilfield products in the amount of approximately RMB5.4 million (equivalent to approximately HK\$6.0 million) from the Petro-king Huizhou Group. As at the Latest Practicable Date, the Group has sales backlogs of approximately RMB2.1 million (equivalent to approximately HK\$2.3 million) with contracts already entered into with its customers for the year ending 31 December 2022. In addition, as the fourth quarter is traditionally the peak season for the sale and delivery of oilfield products, the Group expects that there will be additional new sales orders of approximately RMB5.0 million to RMB7.0 million (equivalent to approximately HK\$5.5 million to HK\$7.7 million) for the period from the Latest Practicable Date to 31 December 2022 based on recent discussions and negotiations with its customers. Based on the above and assuming that the customers will not delay and/or cancel their purchase orders, the estimated value of oilfield products to be purchased by the Group from the Petro-king Huizhou Group for the financial year ending 31 December 2022 will be approximately RMB13.0 million to RMB15.0 million (equivalent to approximately HK\$14.4 million to HK\$16.6 million). Based on the prevailing international oil price and recent discussions and negotiations with its customers, the Group expects that there will be a continuous increase in demand in the Group's oilfield products in 2023 and 2024.

For the period from 24 February 2022 to the Latest Practicable Date, the historical transaction amount of products purchased by the PRC Subsidiaries from the Petro-king Huizhou Group under the Framework Sale and Purchase Agreement was approximately RMB5.4 million (equivalent to approximately HK\$6.0 million). As at the Latest Practicable Date, the transaction amount under the Framework Sale and Purchase Agreement has not exceeded the Existing Annual Cap in 2022.

REASONS FOR AND BENEFITS OF REVISING THE EXISTING ANNUAL CAPS

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

LETTER FROM THE BOARD

Brent crude oil price continued to rebound in the past two years and remained at high price recently (at approximately US\$90 per barrel in October 2022). In addition, the outbreak of the Russia-Ukraine War has further strengthened the PRC's national policy for energy safety. The strong and stable international oil price and the PRC's national policy for energy safety has stimulated market demands for well completion products, production enhancement products and drilling products in the PRC. Accordingly, market demands for well completion products, production enhancement products and drilling products offered by the Group are expected to grow in the foreseeable future. The Revised Annual Caps would enable the Group to continue to secure a stable and quality supply of products from the Petro-king Huizhou Group, which has been a long-term supplier of the Group for its well completion products, production enhancement products and drilling products.

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

The Directors (excluding Mr. Wang and Mr. Huang Yu, but including the independent non-executive Directors) are of the view that the transactions contemplated under the Supplemental Framework Agreement are entered into in the ordinary and usual course of business of the Group, and the terms of the Supplemental Framework Agreement and the Revised Annual Caps are determined after arm's length negotiations and on normal commercial terms, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wang is a non-executive Director and is a substantial shareholder of the Company, who is interested in approximately 28.32% of the issued Shares. Mr. Wang is therefore a connected person of the Company. As at the Latest Practicable Date, Mr. Wang and his associates are also substantial shareholders of Petro-king Huizhou and together are interested in approximately 33.21% of the equity interest in Petro-king Huizhou. Star Petrotech is a wholly-owned subsidiary of Petro-king Huizhou. Based on the above, Petro-king Huizhou and Star Petrotech are associates of Mr. Wang and also connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than profits ratio) in respect of the Revised Annual Caps of the transactions contemplated under the Supplemental Framework Agreement exceeds 5% and the Revised Annual Caps exceed HK\$10,000,000, the Supplemental Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

GENERAL INFORMATION

The Group

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

The PRC Subsidiaries

Each of Shenzhen Petro-king, Petro-king Chongqing and Petro-king Drilling is a company established in the PRC with limited liability and an indirect subsidiary of the Company. Shenzhen Petro-king is principally engaged in the business of provision of production enhancement services, drilling services, consultancy services and integrated project management services for oilfield and gas fields, with auxiliary activities in the trading of oilfield and gas field related products. Petro-king Chongqing is principally engaged in the business of provision of production enhancement services for oilfield and gas fields. Petro-king Drilling is principally engaged in the business of provision of drilling services for oilfield and gas fields.

Petro-King Huizhou and Star Petrotech

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

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

LETTER FROM THE BOARD

企業(有限合夥)¹ (Ningbo Meishan Free Trade Zone Zhunrui Entrepreneur Investment Partnership Enterprise (Limited Partnership)[#]) (the “**Zhunrui Partnership**”), (xv) approximately 0.87% owned by Mr. Chen Jianwei, and (xvi) approximately 0.70% owned by Ms. Xue Mei.

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

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

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

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

LETTER FROM THE BOARD

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

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

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Supplemental Framework Agreement and the transactions contemplated thereunder. FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

RE-ELECTION OF DIRECTOR

Pursuant to Article 74(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

On 30 June 2022, Mr. Zhang Dawei was appointed as an independent non-executive Director to fill the casual vacancy on the Board resulted from the resignation of Mr. Tong Hin Wor from the position of independent non-executive Director. Accordingly, Mr. Zhang Dawei shall retire from office and shall be eligible for re-election at the EGM.

LETTER FROM THE BOARD

For the proposed re-election of Mr. Zhang Dawei as an independent non-executive Director, the Board and the nomination committee of the Company have considered the board diversity policy and corporate strategy of the Company, taking into account the skills and experience required for the overall operation of the Board, the background and other factors of Mr. Zhang Dawei. The Board and the nomination committee are of the view that, Mr. Zhang Dawei has the basic knowledge of the operation of a listed company with valuable business experience, knowledge, professionalism and work experience necessary to perform the duties of an independent non-executive Director, and has the ability to provide independent, fair and objective opinions on corporate affairs. Mr. Zhang Dawei will also promote diversity of the Board in a number of aspects, including age, cultural and educational background, professional experience, skills and knowledge. Mr. Zhang Dawei has confirmed his independence to the Company in accordance with Rule 3.13 of the Listing Rules. The Board has assessed and reviewed his independence and believes that he has satisfied the independence requirements. Therefore, his re-election as an independent non-executive Director is in the best interests of the Company and the Shareholders as a whole.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of Mr. Zhang Dawei, being the retiring Director proposed to be re-elected are set out in Appendix II to this circular.

EGM AND PROXY ARRANGEMENT

The Company will convene the EGM for the Independent Shareholders and the Shareholders to consider and, if thought fit, pass the resolutions to approve the Supplemental Framework Agreement and the transactions contemplated thereunder and the proposed re-election of Director respectively.

In view of Mr. Wang's interests in Petro-king Huizhou, Mr. Wang and his associates are required to abstain and shall abstain from voting on the relevant resolution to be proposed at the EGM to approve the Supplemental Framework Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, to the extent that the Directors are aware having made all reasonable enquiries, Mr. Wang and his associates hold 488,920,138 Shares, and they control or are entitled to exercise control over the voting rights in respect of their respective Shares. Except for the above, as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Mr. Wang and his associates, no other Shareholder will be required to abstain from voting on the resolution approving the Supplemental Framework Agreement and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the matter relating to the re-election of Director and is required to abstain from voting on the resolution approving the re-election of Director at the EGM.

LETTER FROM THE BOARD

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

A notice convening the EGM to be held at 17th Floor, Tower 2, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 25 November 2022 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, but in such event the form of proxy shall be deemed to be revoked.

RECOMMENDATIONS

The Directors (excluding Mr. Wang and Mr. Huang Yu, but including the independent non-executive Directors) are of the view that the transactions contemplated under the Supplemental Framework Agreement are entered into in the ordinary and usual course of business of the Group, and the terms of the Supplemental Framework Agreement and the Revised Annual Caps are determined after arm's length negotiations and on normal commercial terms, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding Mr. Wang and Mr. Huang Yu, but including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Supplemental Framework Agreement and the transactions contemplated thereunder.

The Independent Financial Adviser, having taken into account the principal factors and reasons as set out in its letter, considers that (i) the entering into of the Supplemental Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Supplemental Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Revised Annual Caps are reasonably determined, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Financial Adviser recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Supplemental Framework Agreement and the transactions contemplated thereunder and the respective Revised Annual Caps thereof.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, considers that the Supplemental Framework Agreement are entered into in the ordinary and usual course of business of the Group, and the terms of the Supplemental Framework Agreement and the Revised Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Supplemental Framework Agreement and the transactions contemplated thereunder.

The Directors also recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the proposed re-election of Director.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular, which contains its advice and recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 21 to 31 of this circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders. Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



PETRO-KING OILFIELD SERVICES LIMITED

百勤油田服務有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2178)

7 November 2022

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS FOR
THE FRAMEWORK SALE AND PURCHASE AGREEMENT**

We refer to the circular of the Company dated 7 November 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circular.

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

FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. We wish to draw your attention to the letter from the Board set out on pages 7 to 18 of the Circular, and the letter from the Independent Financial Adviser to us and the Independent Shareholders set out on pages 21 to 31 of the Circular, which contains its advice and recommendation in respect of the Supplemental Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, we consider that the Supplemental Framework Agreement are entered into in the ordinary and usual course of business of the Group, and the terms of the Supplemental Framework Agreement and the Revised Annual Caps are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned.

Accordingly, we would recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Supplemental Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of

Independent Board Committee

Mr. Leung Lin Cheong

Mr. Xin Junhe

Mr. Zhang Dawei

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

7 November 2022

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

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS FOR THE FRAMEWORK SALE AND PURCHASE AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Framework Agreement and transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 7 November 2022 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 12 October 2022 (the “**Announcement**”) in relation to the Supplemental Framework Agreement. As market demands for well completion products, production enhancement products and drilling products (the “**Oilfield Products**”) offered by the Group are expected to grow in the foreseeable future, the Board envisages that the Existing Annual Caps in respect of the transactions contemplated under the Framework Sale and Purchase Agreement for each of the three financial years ending 31 December 2022, 2023 and 2024 will not be sufficient, and that the purchase amount of the abovementioned products by the PRC Subsidiaries from the Petro-king Huizhou Group for the year ending 31 December 2022 will exceed the Existing Annual Cap in 2022. As such, on 12 October 2022 (after trading hours), the PRC Subsidiaries entered into the Supplemental Framework Agreement with the Petro-king Huizhou Group, to increase the annual caps for the three financial years ending 31 December 2022, 2023 and 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Mr. Wang is a non-executive Director and is a substantial shareholder of the Company, who is interested in approximately 28.32% of the issued Shares. Mr. Wang is therefore a connected person of the Company. As at the Latest Practicable Date, Mr. Wang and his associates are also substantial shareholders of Petro-king Huizhou and together are interested in approximately 33.21% of the equity interest in Petro-king Huizhou. Star Petrotech is a wholly-owned subsidiary of Petro-king Huizhou. Therefore, Petro-king Huizhou and Star Petrotech are associates of Mr. Wang and also connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Framework Sale and Purchase Agreement and the Supplemental Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than profits ratio) in respect of the Revised Annual Caps of the transactions contemplated under the Supplemental Framework Agreement exceeds 5% and the Revised Annual Caps exceed HK\$10,000,000, the Supplemental Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

OUR INDEPENDENCE

During the past two years, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Company and FDB Financial Group Limited as financial advisor. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned appointment would not affect our independence, and that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

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

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

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing whether the terms of the Supplemental Framework Agreement and the transactions contemplated thereunder, together with the Revised Annual Caps are on normal commercial terms and are fair and reasonable as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

1. Background of the Group

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

Each of the PRC Subsidiaries, namely Shenzhen Petro-king, Petro-king Chongqing and Petro-king Drilling is a company established in the PRC and an indirect subsidiary of the Company. Shenzhen Petro-king is principally engaged in the business of provision of production enhancement services, drilling services, consultancy services and integrated project management services for oilfield and gas fields, with auxiliary activities in the trading of oilfield and gas field related products. Petro-king Chongqing is principally engaged in the business of provision of production enhancement services for oilfield and gas fields. Petro-king Drilling is principally engaged in the business of provision of drilling services for oilfield and gas fields.

2. Background of Petro-king Huizhou and Star Petrotech

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Reasons for and benefits of entering into the Supplemental Framework Agreement

As disclosed in the Letter from the Board, Brent crude oil price continued to rebound in the past two years and remained at high price recently (at approximately US\$90 per barrel in October 2022). In addition, the outbreak of the Russia-Ukraine War has further strengthened the PRC's national policy for energy safety. The strong and stable international oil price and the PRC's national policy for energy safety has stimulated market demands for Oilfield Products in the PRC. Accordingly, market demands for Oilfield Products offered by the Group are expected to grow in the foreseeable future. The Revised Annual Caps would enable the Group to continue to secure a stable and quality supply of products from the Petro-king Huizhou Group, which has been a long-term supplier of the Group for Oilfield Products.

As disclosed in the Letter from the Board, the Group utilises production enhancement products and drilling products in its provision of production enhancement services and drilling services, and needs to procure well completion tools and production enhancement tools for its trading of oilfield and gas field related products. As advised by the management of the Company, the Group has been procuring the Oilfield Products from the Petro-king Huizhou Group in its usual and ordinary course of business since 2015. We concur the Directors' view that entering into of the Supplemental Framework Agreement and the Revised Annual Caps will enable the Group to continue to secure a stable and quality supply of products from its long-term supplier, the Petro-king Huizhou Group for its provision of services and trading activities.

We discuss with the management of the Company and understand that the purchase of the Oilfield Products under the Framework Sale and Purchase Agreement and the Supplemental Framework Agreement will be important to and are necessary for the Group's business operation. As advised by the Company, for the three years ended 31 December 2019, 2020 and 2021, the Group's purchases of products from Petro-king Huizhou Group amounted to approximately RMB18.5 million, RMB20.6 million and RMB8.0 million, respectively. For the period from 24 February 2022 to 30 September 2022, the Group's purchases of products from Petro-king Huizhou Group amounted to approximately RMB5.4 million, representing approximately 19.9% of the Group's total purchases for the respective period. Furthermore, as advised by the Company, Petro-king Huizhou Group was a major supplier of the Oilfield Products to the Group. Hence, we concur the Directors' view that it is important to maintain stable and reliable sources of supply of the Oilfield Products from Petro-king Huizhou Group for the Group's existing and future needs.

In light of the above, we consider that the Supplemental Framework Agreement and the transactions contemplated thereafter form part of the ordinary and usual course of the Group's business. Therefore, we are of the view that the entering into the Supplemental Framework Agreement and the transactions contemplated thereafter are in the interest of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Principal terms of the Framework Sale and Purchase Agreement and the Supplemental Framework Agreement

- Parties : (1) PRC Subsidiaries
(2) Petro-king Huizhou Group
- Term : The Framework Sale and Purchase Agreement has a term for the period commencing from 24 February 2022 and ending on 31 December 2024 (both days inclusive).
- The Framework Sale and Purchase Agreement is renewable by the PRC Subsidiaries and the Petro-king Huizhou Group in writing prior to its expiration, subject to compliance with the Listing Rules and all applicable laws and regulations.
- Nature of the transactions : Pursuant to the Framework Sale and Purchase Agreement, the PRC Subsidiaries agreed to purchase from the Petro-king Huizhou Group, and the Petro-king Huizhou Group agreed to sell to the PRC Subsidiaries, well completion products, production enhancement products and drilling products during the term of the Framework Sale and Purchase Agreement.
- Particulars of the Framework Sale and Purchase Agreement : Pursuant to the Framework Sale and Purchase Agreement, the PRC Subsidiaries and the Petro-king Huizhou Group will enter into a separate agreement for each purchase order to set out the transaction details, including without limitation, the product specification, price, volume, time of delivery and payment terms.
- The product price shall be determined based on the prevailing market price at the time when the separate agreement is entered into, and shall take into account at least two other product quotations and terms for similar type of products with similar quality and quantities obtained from Independent Third Parties to determine if the price and terms offered by the Petro-king Huizhou Group are fair and reasonable and comparable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In determining the prevailing market price, in addition to obtaining at least two quotations from Independent Third Parties as mentioned above, the Company will also take into account, among others, the historical and recent purchase price for similar type of products with similar quality and quantities with the Petro-king Huizhou Group and other Independent Third Parties, and the selling price of the products to the Group's end customers.

The Company will conduct market researches and enquiries with industry players, and monitor the pricing for transactions of the same or similar type in the market and solicit at least two other quotations and terms from Independent Third Parties for products in similar quality and quantities, in order to ensure that the price and terms under the transactions to be entered into pursuant to the Framework Sale and Purchase Agreement are fair and reasonable and on normal commercial terms, and that the actual price and terms for the transactions between the PRC Subsidiaries and the Petro-king Huizhou Group will be not less favourable to the PRC Subsidiaries than those offered by Independent Third Parties for transactions of the same or similar type. In the event that such price and terms for the transactions between the PRC Subsidiaries and the Petro-king Huizhou Group are less favourable to the PRC Subsidiaries than those offered by Independent Third Parties, the PRC Subsidiaries will negotiate with the Petro-king Huizhou Group to ensure that such price and terms will not be less favourable.

The officer of the purchasing department will conduct market researches and enquiries with industry players, and compile a list of product quotations and terms for similar type of products in similar quality and quantities, from the Petro-king Huizhou Group and at least two Independent Third Parties. The head of the purchasing department will compare the product quotations and terms, and such comparison summary will be subject to approvals of the head of the business department, as well as the Chief Executive Officer of the Company. There is a proper and complete separation of duties, and no staff or management of the Petro-king Huizhou Group will be involved in the internal control and approval procedures.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The parties to the Framework Sale and Purchase Agreement agree that the sale and purchase of the well completion products, production enhancement products and drilling products under the Framework Sale and Purchase Agreement shall be on normal commercial terms, on terms that are fair and reasonable, and in compliance with the applicable laws and regulations (including the Listing Rules), the parties' business needs and their own approval conditions and procedures.

Revision of the Existing Annual Caps : Details of the Revised Annual Caps are set out under the sub-section headed "Revision of the Existing Annual Caps" under the section headed "The Supplemental Framework Agreement" of the Letter from the Board.

The Supplemental Framework Agreement will become effective, subject to the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules) as regards the transactions contemplated under the Supplemental Framework Agreement, including but not limited to the Company having obtained approval from the Independent Shareholders at the EGM to be convened and held in relation to the transactions contemplated under the Supplemental Framework Agreement.

Save for the Revised Annual Caps, other terms and conditions of the Framework Sale and Purchase Agreement, remain unchanged and continue to be in full force and effect.

In respect of the Group's historical purchases of Oilfield Products from Petro-king Huizhou Group, we have obtained the purchase breakdown for the three years ended 31 December 2021 and nine months ended 30 September 2022 (the "Review Period") prepared by the management of the Company and note that Petro-king Huizhou Group was the Group's major supplier of the Oilfield Products. We randomly selected and reviewed two purchase orders to Petro-king Huizhou Group for each year/period during the Review Period, which we consider it is fair and reasonable as the Group entered into standardised contracts for its purchases from Petro-king Huizhou Group which offered similar terms during the Review Period. We have reviewed and compared (i) two sample purchase orders to Petro-king Huizhou Group for each year/period during the Review Period; and (ii) two sample purchase orders to Independent Third Parties for each year/period during the Review Period. Based on the review of these samples, we note that (i) there was no unusual terms in the purchase orders; and (ii) the terms offered by Petro-king Huizhou Group were generally no less favourable than those offered by Independent Third Parties.

Having considered the above, we are of the view that the terms of the Supplemental Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Revision of Existing Annual Caps

The following table set forth the (i) the historical amounts of purchases from Petro-king Huizhou Group for the three years ended 31 December 2021 and the period from 24 February 2022 to the Latest Practicable Date; (ii) Existing Annual Caps for the three years ending 31 December 2024; and (iii) the Revised Annual Caps for the three years ending 31 December 2024.

	For the year ended			For the year ending		
	31 December			31 December		
	2019	2020	2021	2022	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing Annual Caps	-	-	-	9.0 (Note)	9.0 (Note)	9.0 (Note)
Revised Annual Caps	-	-	-	15.0	20.0	22.0
Historical transaction amount	18.5	20.6	8.0	5.4	-	-

Note: The Existing Annual Caps was denominated in HK\$, which was HK\$9.9 million (equivalent to approximately RMB9.0 million) for each of the three years ending 31 December 2024.

As stated in the Letter from the Board, the Revised Annual Cap for the year ending 31 December 2022 of RMB15.0 million was determined based on the estimated value of Oilfield Products to be purchased by the Group from the Petro-king Huizhou Group for the year ending 31 December 2022 of approximately RMB13.0 million to RMB15.0 million. Such value was estimated with reference to (i) the amount of purchases from the Petro-king Huizhou Group for the period from 24 February 2022 to the Latest Practicable Date of approximately RMB5.4 million; (ii) the Group's sales backlogs of approximately RMB2.1 million; and (iii) the Group's expected new sales orders for the period from the Latest Practicable Date to 31 December 2022 of approximately RMB5.0 million to RMB7.0 million. As disclosed in the Circular, based on the prevailing international oil price and recent discussions and negotiations with its customers, the Group expects that there will be a continuous increase in demand in the Group's Oilfield Products in 2023 and 2024.

To assess the fairness and reasonableness of the Revised Annual Caps for the three years ending 31 December 2024, we conduct the following analyses:

For the year ending 31 December 2022

In respect of the Group's sales backlogs of approximately RMB2.1 million, we have obtained and reviewed the relevant sales contracts entered into between the Group and its customers. In order to fulfil the demand for Oilfield Products from such sales contracts, the Group will purchase Oilfield Products from Petro-king Huizhou Group or other Independent Third Party suppliers. As at the Latest Practicable Date, the management of the Company confirmed that the purchases of Oilfield Products by the Group in relation to the aforesaid sales contracts are yet to finalised.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Circular, the expected new sales orders of approximately RMB5.0 million to RMB7.0 million for the period from the Latest Practicable Date to 31 December 2022 is based on recent discussions and negotiations with its customers. As advised by the management of the Company, due to the outspread of COVID-19 in various provinces of the PRC in 2022, two major customers of the Group had delayed the placement of purchase orders to the Group in 2022 and part of the sales and delivery of the Oilfield Products to these major customers of the Group were postponed to the fourth quarter of 2022.

Based on the above, we are of the view that it is fair and reasonable for the Group to revise the Existing Annual Cap for the year ending 31 December 2022 to RMB15.0 million in order to maintain flexibility on amount of purchases from Petro-king Huizhou Group to fulfil the expected new sales orders.

For each of the two years ending 31 December 2023 and 2024

According to the “The 14th Five-Year Plan of the People’s Republic of China” and “Guiding Opinions on Energy Work in 2022” published by the PRC Government, it stated that the PRC Government aimed to (i) maintain strong supply of oil and gas; (ii) enhance exploration and development of domestic oilfield and gas source; and (iii) accelerate the oil production through increasing the yield rate and production capacity of oilfield. It is also stated that the PRC Government aimed to restore the petroleum production to about 200 million tonnes by 2022 and maintain a steady production capacity onwards until 2025. Hence, we concur the Directors’ view that the supporting policies of the PRC Government will continue to stimulate market demands for Oilfield Products in the PRC in the coming years.

During the year ended 31 December 2020, Brent crude oil price dropped from approximately US\$64/barrel in January 2020 to approximately US\$18/barrel in April 2020 as a result of the worldwide outbreak of the COVID-19 pandemic. During the year ended 31 December 2021, the Brent crude oil price had continued to rebound from approximately US\$55/barrel in January 2021 to approximately US\$84/barrel in October 2021. As advised by the Company, the rebound in international oil price has resulted in the increases in the Group’s sales of well completion tools and the provision of drilling services. However, the Brent crude oil price had subsequently dropped to approximately US\$70/barrel at the beginning of December 2021 and quickly returned to US\$77/barrel at the end of December 2021. During the first half of 2022, the Brent crude oil price had continued to increase from approximately US\$87/barrel in January 2022 to approximately US\$117/barrel in March 2022, and reached its peak at approximately US\$123/barrel in June 2022. After reaching its peak in June 2022, the Brent crude oil price had been volatile and recently maintained at relatively high level at approximately US\$90/barrel in October 2022. Based on the above, we concur the Directors’ view that the recent strong and stable international oil price together with the PRC Government’s national policy for energy safety will continue to stimulate market demands for Oilfield Products in the PRC in the foreseeable future.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Although there is no assurance that there will not be any adverse impact arising from any effect on oil and gas industry as a result of the continuance of the COVID-19 pandemic and the Russia-Ukraine War, we consider that it is fair and reasonable for the Company to estimate the demand for Oilfield Products from the Petro-king Huizhou Group by the PRC Subsidiaries with reference to increasing market demand for Oilfield Products in the PRC to ensure sufficient supply of the Oilfield Products to meet its future business needs for the two years ending 31 December 2023 and 2024.

Based on above, we are of the view that the Revised Annual Caps are reasonably estimated and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the factors and reasons as mentioned above, we are of the view that (i) the entering into of the Supplemental Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Supplemental Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Revised Annual Caps are reasonably determined, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Supplemental Framework Agreement and the transactions contemplated thereunder and the respective Revised Annual Caps thereof.

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

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

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

(i) Interest of the Directors

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

Notes:

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

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

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

(ii) Interest of substantial Shareholders and other persons

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

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

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

Notes:

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

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

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

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. COMPETING BUSINESS

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

6. DIRECTORS' INTERESTS IN CONTRACTS, ARRANGEMENTS AND ASSETS

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

7. MATERIAL ADVERSE CHANGE

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

8. EXPERT AND CONSENT

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

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

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

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

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

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 letter from the Independent Board Committee, the text of which is set out in this circular;
- (b) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (c) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix;
- (d) the Framework Sale and Purchase Agreement;
- (e) the Supplemental Framework Agreement; and
- (f) this circular.

10. GENERAL

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

Pursuant to the Listing Rules, the details of the Director who will retire at the EGM according to the Articles of Association and will be proposed to be re-elected at the EGM are provided below:

Mr. Zhang Dawei

Mr. Zhang Dawei (張大偉), aged 65, has over 25 years of experience in the mineral and energy resources industry. Mr. Zhang graduated from the Changchun Institute of Geology* (長春地質學院) (has now been merged into the Jilin University) with a Bachelor degree in Geological Exploration in 1990. He also graduated from the Jilin University with a Master degree in World Economics in 1997. Mr. Zhang worked in the Geology and Mineral Resources Bureau of the Jilin Province* (吉林省地質礦產局) as an officer from July 1990 to December 1993. He also worked in the Department of Policies and Regulations of the Ministry of Geology and Mineral Resources of the PRC* (中國地質礦產部政策法規司) from December 1993 to December 1998 in which his last position was the director. Mr. Zhang also worked in the Land and Resources Economic Research Institute of the PRC* (中國國土資源經濟研究院) as an associate researcher and a vice president from December 1998 to May 2002. He then joined the Oil and Gas Resources Strategy Research Centre of the Ministry of Land and Resources of the PRC* (中國國土資源部油氣資源戰略研究中心) as a researcher and the director from May 2002 to April 2012. After that, Mr. Zhang joined Mineral Resources Reserve Evaluation Centre of the Ministry of Natural Resources of the PRC* (中國自然資源部礦產資源儲量評審中心) as a researcher and the director from April 2012 to January 2018. Mr. Zhang has been working as the dean of The Institute of Urban Underground Space and Energy Studies (城市地下空間及能源研究院) of The Chinese University of Hong Kong, Shenzhen (香港中文大學(深圳)) since August 2021.

Mr. Zhang has entered into a letter of appointment (the “**Letter of Appointment**”) with the Company for a term of three years commencing from 30 June 2022, subject to retirement by rotation and re-election at the next following general meeting of the Company in accordance with the Articles of Association. Mr. Zhang is entitled to a director’s fee of HK\$153,000 per annum, which was determined with reference to the prevailing market conditions, Mr. Zhang’s expertise, qualifications and his duties and responsibilities in the Group’s affairs. The Letter of Appointment can be terminated by either party by giving three months’ notice in writing.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zhang did not hold any other positions in the Company or any of its subsidiaries or hold any directorship in any listed companies in the past three years preceding the Latest Practicable Date or had other major appointments and professional qualifications, and nor was he related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company, or interested in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there are no other matters that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders.

* For identification purposes only

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 Friday, 25 November 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the supplemental framework agreement (the “**Supplemental Framework Agreement**”) dated 12 October 2022 entered into between Petro-king Energy Technology (Huizhou) Co., Ltd.* (百勤能源科技(惠州)有限公司), Star Petrotech Pte. Ltd., Shenzhen Petro-king Oil Technology Co., Ltd.* (深圳市百勤石油技術有限公司), Petro-king (Chongqing) Oil and Gas Technical Services Co., Ltd.* (百勤(重慶)油氣工程技術服務有限公司) and Shenzhen Petro-king Drilling Technology Co., Ltd.* (深圳市百勤鑽井技術有限公司) and the transactions and the proposed revised annual caps contemplated thereunder be and are hereby approved, confirmed and ratified; and

* For identification purpose only

NOTICE OF THE EGM

- (b) any one director of the Company be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company which he considers necessary or expedient to give effect to the Supplemental Framework Agreement and the transactions contemplated thereunder.”
2. “**THAT** the re-election of Mr. Zhang Dawei as an independent non-executive director of the Company be and is hereby approved and the board of directors of the Company be and is hereby authorised to fix his remuneration.”

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

Hong Kong, 7 November 2022

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

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

Notes:

- (a) The register of members of the Company will be closed from Tuesday, 22 November 2022 to Friday, 25 November 2022, both days inclusive, during which period no transfer of shares will be registered. In order to attend the EGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 November 2022.
- (b) Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be).
- (d) Completion and delivery of the form of proxy shall not preclude members from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy previously submitted by such member(s) shall be deemed to be revoked. **In view of the ongoing COVID-19 pandemic, you are encouraged to appoint the chairman of the EGM as proxy to attend and vote on your behalf at the EGM or any adjournment thereof.**

NOTICE OF THE EGM

- (e) Where there are joint registered holders of any share(s) of the Company, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall be accepted to the exclusion of the votes of the other joint holders.
- (f) Considering the outbreak of the COVID-19 pandemic, certain measures will be implemented at the EGM with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (A) undergo compulsory body temperature check; and (B) wear surgical masks, prior to admission to the EGM venue; (ii) all attendees being required to wear surgical masks throughout the EGM; (iii) each attendee being assigned a designated seat at the time of registration to reduce interaction between participants; and (iv) no refreshments will be served and there will be no corporate gifts.

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

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