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SPT Energy Group Inc.

華油能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1251)

**DISCLOSEABLE TRANSACTION
FINANCE LEASE ARRANGEMENTS**

FINANCE LEASE ARRANGEMENTS

Reference is made to the announcement of the Company dated 18 May 2023 in relation to, among other things, the Finance Lease Arrangements XII to XIV. The Board announces that on 27 December 2023, the Lessee XV, being a subsidiary of the Company, entered into the Finance Lease Agreement XV with the Lessor, the details of which are set out in this announcement.

LISTING RULES IMPLICATIONS

Each of the Lessees is an indirect subsidiary of the Company. According to Rule 14.22 of the Listing Rules, the Finance Lease Arrangements during any 12-month period shall be aggregated as a series of transactions. As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements XII to XIV and XV, entered into during the period from 18 May 2023 to 27 December 2023, when aggregated, exceed 5% but are less than 25%, the abovementioned transactions contemplated therein constituted a discloseable transaction of the Company and were subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 18 May 2023 in relation to, among other things, the Finance Lease Arrangements XII to XIV. The Board announces that on 27 December 2023, the Lessee XV, being a subsidiary of the Company, entered into the Finance Lease Agreement XV with the Lessor, the details of which are set out in this announcement.

FINANCE LEASE ARRANGEMENT XV

1. Finance Lease Agreement XV

On 27 December 2023, the Lessor and the Lessee XV, an indirect subsidiary of the Company, entered into the Finance Lease Agreement XV, pursuant to which (i) the Lessee XV has agreed to sell its own assets, namely the Leased Assets, to the Lessor, at a transfer consideration of RMB25,000,000; and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee XV for a term of 36 months. The total lease payment under the Finance Lease Agreement XV was RMB27,600,001, which shall include a finance lease principal of RMB25,000,000 and a finance lease interest (inclusive of VAT) of RMB2,600,001.

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

Date of agreement:

27 December 2023

Parties:

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

Leased Assets:

The Leased Assets are drilling business equipment stored in Sichuan Province, the PRC and Turkmenistan with a net book value of approximately RMB27,395,282 at the relevant time.

Lease period:

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

Consideration and payment terms:

The Lessor will purchase the Leased Assets from the Lessee XV for RMB25,000,000. The payment of the consideration is conditional upon the fulfilment of certain conditions under the Finance Lease Agreement XV, including, among other things, (1) the due execution of the Finance Lease Agreement XV and the underlying sale and purchase agreement of the Leased Assets; and (2) the Lessor having received the relevant documentary proof confirming the ownership of the Leased Assets.

Pursuant to the Finance Lease Agreement XV, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement XV, the finance lease principal is RMB25,000,000, the finance lease interest (inclusive of VAT) is expected to be RMB2,600,001 (calculated based on the interest rate of 6.5% per annum), the total lease payment is RMB27,600,001, and the Lessee XV shall make the lease payment to the Lessor at the end of each quarter in instalments in accordance with the Finance Lease Agreement XV during the lease period.

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

Security Deposit:

The Lessee XV agreed to pay the security deposits for the Finance Lease Agreement XV of RMB2,500,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement XV, the lease payment and other payables under the final payment will automatically be deducted from the deposits, and the Lessor will refund the Lessee XV the remaining amount (if any).

Ownership of the Leased Assets:

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

2. Consultancy Agreement XV

The Lessee XV and the Lessor also entered into the Consultancy Agreement XV on 27 December 2023 under which the Lessor will provide consultancy services to the Lessee XV and the Lessee XV will pay a consultancy fee of RMB900,000 to the Lessor. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

3. Guarantee XV

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

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

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

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

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

FINANCIAL EFFECT OF THE FINANCE LEASE ARRANGEMENTS

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

GENERAL INFORMATION

The Group

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

Sinopetroleum Technology

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

Langfang SPT

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

Zhongguancun Science-Tech

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

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

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	SPT Energy Group Inc. (華油能源集團有限公司*), a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultancy Agreement XV”	the consultancy agreement entered into between the Lessor and the Lessee XV on 27 December 2023
“Directors”	the directors of the Company
“Finance Lease Agreement XV”	the finance lease agreement entered into between the Lessor and the Lessee XV on 27 December 2023
“Finance Lease Arrangements”	the Finance Lease Arrangement XV
“Finance Lease Arrangement XV”	the transactions contemplated under the Finance Lease Agreement XV, the Guarantee XV and the Consultancy Agreement XV
“Group”	the Company and its subsidiaries
“Guarantee XV”	the guarantees dated 27 December 2023 given by Langfang SPT in favour of the Lessor, entered into in conjunction with the Finance Lease Agreement XV
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party who is independent of the Company and its connected persons
“Langfang SPT”	Langfang SPT Energy Limited* (廊坊華油能源技術服務集團有限公司), a company incorporated in China and is a direct subsidiary of the Company

“Leased Assets”	oil and gas field operation equipment stored in Sichuan Province, the PRC and Turkmenistan under the Finance Lease Agreement XV
“Lessee(s)”	the Lessee XV
“Lessee XV” or “Sinopetroleum Technology”	Sinopetroleum Technology Inc.* (北京華油油氣技術開發有限公司), a company incorporated in the PRC and is an indirect subsidiary of the Company
“Lessor” or “Zhongguancun Science-Tech”	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, the H shares of which are listed on the Stock Exchange with stock code of 1601
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax
“%”	per cent

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

The PRC, 27 December 2023

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

* For identification purposes only