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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)**

### **DISCLOSEABLE TRANSACTIONS FURTHER DISPOSALS OF EQUITY INTEREST IN PETRO-KING HUIZHOU AND FURTHER GRANTS OF BUY-BACK OPTIONS**

Reference is made to the announcement of the Company dated 18 July 2023 in relation to the First Equity Transfer and the grant of the First Buy-back Option under the First Equity Transfer Agreement.

#### **FURTHER PETRO-KING HUIZHOU DISPOSALS**

On 27 October 2023 (after trading hours of the Stock Exchange), Petro-king Shenzhen (as vendor) entered into the Second Equity Transfer Agreement with the Second Purchaser (as purchaser), pursuant to which Petro-king Shenzhen conditionally agreed to sell, and the Second Purchaser conditionally agreed to purchase, 0.4651% equity interest in Petro-king Huizhou for a consideration of RMB3.0 million (equivalent to approximately HK\$3.3 million).

On 2 January 2024 (after trading hours of the Stock Exchange), Petro-king Shenzhen (as vendor) entered into the Third Equity Transfer Agreement with the Third Purchaser (as purchaser), pursuant to which Petro-king Shenzhen conditionally agreed to sell, and the Third Purchaser conditionally agreed to purchase, 0.7752% equity interest in Petro-king Huizhou for a consideration of RMB5.0 million (equivalent to approximately HK\$5.5 million).

## **FURTHER GRANTS OF BUY-BACK OPTIONS**

Pursuant to the Second Equity Transfer Agreement, Petro-king Shenzhen granted the Second Buy-back Option to the Second Purchaser, such that the Second Purchaser has the right to request Petro-king Shenzhen to buy back the equity interest in Petro-king Huizhou held by herself at the repurchase price in cash, based on an agreed formula and subject to the terms and conditions of the Second Equity Transfer Agreement.

Pursuant to the Third Equity Transfer Agreement, Petro-king Shenzhen granted the Third Buy-back Option to the Third Purchaser, such that the Third Purchaser has the right to request Petro-king Shenzhen to buy back the equity interest in Petro-king Huizhou held by himself at the repurchase price in cash, based on an agreed formula and subject to the terms and conditions of the Third Equity Transfer Agreement.

## **LISTING RULES IMPLICATIONS**

As all of the applicable percentage ratios in respect of each of the Second Equity Transfer and the Third Equity Transfer, on standalone basis, is less than 5%, each of the Second Equity Transfer and the Third Equity Transfer itself does not constitute a discloseable transaction of the Company. The Second Equity Transfer and the Third Equity Transfer are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules as these transactions were entered into within a 12-month period and involve the disposals of equity interest in Petro-king Huizhou by the Group. As one or more of the applicable percentage ratios in respect of the Third Equity Transfer, when aggregated with the Second Equity Transfer, exceed 5% but all of them are less than 25%, the entering into of the Second Equity Transfer Agreement and the Third Equity Transfer Agreement and the transactions contemplated thereunder in aggregate constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. For demonstration purpose, if the Third Equity Transfer is being aggregated with the First Equity Transfer and the Second Equity Transfer, all of the applicable percentage ratios in aggregate are less than 25% and do not constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

For the purpose of Rule 14.74 of the Listing Rules, the grant of the Second Buy-back Option under the Second Equity Transfer Agreement and the grant of the Third Buy-back Option under the Third Equity Transfer Agreement, the exercise of which are not at the discretion of the Company, are classified as if the options had been exercised upon their grants. The grant of the Second Buy-back Option and the grant of Third Buy-back Option, which are considered as if they had been exercised upon their grants. As all of the applicable percentage ratios in respect of the Second Buy-back Option are less than 5%, on standalone basis, the grant of the Second Buy-back Option itself does not constitute a discloseable transaction of the Company. As one or more of the applicable percentage ratios in respect of the grant of the Third Buy-back Option, both on standalone basis and when aggregated with the grant of the Second Buy-back Option, exceeds 5% but all of them are less than 25%, the grant of the Third Buy-back Option, both on a standalone

basis and when aggregated with the grant of the Second Buy-back Option, constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. For demonstration purpose, if the grant of the Third Buy-back Option is being aggregated with the grants of the First Buy-back Option and the Second Buy-back Option, all of the applicable percentage ratios in aggregate are less than 25% and do not constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 18 July 2023 in relation to the First Equity Transfer and the grant of the First Buy-back Option under the First Equity Transfer Agreement. The First Equity Transfer was completed on 15 August 2023.

On 27 October 2023 (after trading hours of the Stock Exchange), Petro-king Shenzhen (as vendor) entered into the Second Equity Transfer Agreement with the Second Purchaser, pursuant to which Petro-king Shenzhen conditionally agreed to sell, and the Second Purchaser conditionally agreed to purchase, an 0.4651% equity interest in Petro-king Huizhou for a consideration of RMB3.0 million (equivalent to approximately HK\$3.3 million).

On 2 January 2024 (after trading hours of the Stock Exchange), Petro-king Shenzhen (as vendor) entered into the Third Equity Transfer Agreement with the Third Purchaser (as purchaser), pursuant to which Petro-king Shenzhen conditionally agreed to sell, and the Third Purchaser conditionally agreed to purchase, 0.7752% equity interest in Petro-king Huizhou for a consideration of RMB5.0 million (equivalent to approximately HK\$5.5 million).

## **THE SECOND EQUITY TRANSFER AGREEMENT**

The principal terms of the Second Equity Transfer Agreement are summarised below:

|  |   |
|--|---|
| Date:  | 27 October 2023   |
| Parties:   | (1) Petro-king Shenzhen (as vendor); and<br>(2) the Second Purchaser (as purchaser).          |
| Subject equity interest in Petro-king Huizhou to be disposed of: | 0.4651%, corresponding to the issued and paid up capital of RMB591,745 in Petro-king Huizhou. |
| Consideration:   | RMB3.0 million (equivalent to approximately HK\$3.3 million).                                 |

- Payment of consideration: The consideration shall be payable in cash within seven calendar days after the signing of the Second Equity Transfer Agreement.
- Condition: The Second Equity Transfer Agreement shall become effective upon signing.
- Completion: Petro-king Shenzhen shall procure Petro-king Huizhou to complete the change of shareholding registration with the relevant government authority in charge of industrial and commercial administration for the Second Equity Transfer within one year after the receipt of the consideration by Petro-king Shenzhen from the Second Purchaser.
- Completion of the Second Equity Transfer shall take place on the date when the change of shareholding registration with the relevant government authority is completed and the Second Purchaser has been registered as a shareholder of Petro-king Huizhou.

The consideration for the Second Equity Transfer as disclosed above was arrived at after arm's length negotiations between Petro-king Shenzhen and the Second Purchaser with reference to, among others, (i) the implied valuation of 100% equity interest in Petro-king Huizhou of RMB645.0 million (equivalent to approximately HK\$712.2 million), (ii) the most recent financial performance and financial position of Petro-king Huizhou, (iii) the general industry and market environment in which Petro-king Huizhou operates and (iv) the prospects of a potential separate listing of Petro-king Huizhou in the future as further elaborated in the section below headed "REASONS FOR AND BENEFITS OF THE SECOND EQUITY TRANSFER AND THE THIRD EQUITY TRANSFER".

On 27 October 2023, the Second Purchaser has entered into another equity transfer agreement with 陳健偉, a shareholder of Petro-king Huizhou, pursuant to which 陳健偉, agreed to sell 0.7894% equity interest in Petro-king Huizhou to the Second Purchaser for a consideration of RMB5,091,696 (equivalent to approximately HK\$5,622,251), which implied the valuation of 100% equity interest in Petro-king Huizhou at RMB645.0 million.

The Second Equity Transfer was completed on 22 December 2023.

## **GRANT OF THE SECOND BUY-BACK OPTION**

Pursuant to the Second Equity Transfer Agreement, Petro-king Shenzhen granted the Second Buy-back Option to the Second Purchaser, such that after the Second Equity Transfer Agreement becomes effective and full payment of the consideration by the Second Purchaser is made, if Petro-king Huizhou fails to obtain approval from the relevant authority regarding its official listing on the Shenzhen Stock Exchange or the Shanghai Stock Exchange by 31 December 2026 (the "**Trigger Event**"), the Second Purchaser has the right to request, by serving a written notice and subject to the Company's compliance with all applicable laws, rules and regulations (including but not limited to

the Listing Rules), Petro-king Shenzhen to buy back the equity interest in Petro-king Huizhou held by herself at the repurchase price in cash within 180 calendar days after the service of such written notice by the Second Purchaser.

If the Second Purchaser does not exercise the Second Buy-back Option by serving a written notice within 30 calendar days upon occurrence of the Trigger Event, the Second Purchaser shall be deemed to have forfeited her right of the Second Buy-back Option and shall not request Petro-king Shenzhen to buy back her equity interest in Petro-king Huizhou thereafter.

The repurchase price under the Second Buy-back Option shall be calculated according to the following formula:

Repurchase price = Second Equity Transfer Consideration x (1+6% x n/365) – dividend – bonus

*Notes:*

- (a) “Second Equity Transfer Consideration” means the consideration paid by the Second Purchaser pursuant to the Second Equity Transfer Agreement
- (b) “n” means the actual number of days elapsed from the date of payment of the Second Equity Transfer Consideration up to the actual date of buy-back
- (c) “dividend” means the total dividend distributed by Petro-king Huizhou and received by the Second Purchaser from the completion date of the Second Equity Transfer Agreement up to the actual date of buy-back
- (d) “bonus” means the total bonus paid by Petro-king Huizhou and received by the Second Purchaser from the completion date of the Second Equity Transfer Agreement up to the actual date of buy-back

The repurchase price is tax-inclusive, and the Second Purchaser shall bear her own tax arising from the exercise of the Second Buy-back Option.

The repurchase price was arrived at after arm’s length negotiations between Petro-king Shenzhen and the Second Purchaser, taking into account the prevailing market interest rate. No premium is payable in connection with the grant of the Second Buy-back Option.

In the event that the Second Buy-back Option is exercised, the consideration paid by the Second Purchaser under the Second Equity Transfer Agreement is similar to a long-term financing provided to Petro-king Shenzhen. Therefore, the Company considered it appropriate to fix the interest rate at 6% per annum in the repurchase formula above with reference to the interest rates of the Group’s bank and other borrowings. Having considered (i) the effective annual interest rate of the Group’s bank and other borrowings ranging from approximately 6.0% to 15.0%, with a weighted average interest rate of approximately 6.2%, as at 30 June 2023, (ii) the implied valuation of Petro-king Huizhou of RMB645.0 million under the Second Equity Transfer Agreement being fair and reasonable and (iii) the general credit environment in the PRC oil and gas industry, the Board is of

the view that the repurchase price under the Second Buy-back Option as calculated according to the above formula is fair and reasonable. The repurchase price of the Second Buy-back Option is expected to be funded by the internal resources and/or external borrowings of the Group.

When the Second Purchaser exercises the Second Buy-back Option, Petro-king Shenzhen shall take measures which are necessarily or reasonably required to enter into the relevant agreements and documents, and shall provide assistance or take measures which are necessarily to assist Petro-king Huizhou to (if required) obtain the approval from the relevant government authority, and to complete the registration or filing with, and sign such documents and applications required to be submitted to the relevant government authority.

### **THE THIRD EQUITY TRANSFER AGREEMENT**

The principal terms of the Third Equity Transfer Agreement are summarised below:

|  |  |
|--|--|
| Date:  | 2 January 2024   |
| Parties:   | (1) Petro-king Shenzhen (as vendor); and<br>(2) the Third Purchaser (as purchaser).  |
| Subject equity interest in Petro-king Huizhou to be disposed of: | 0.7752%, corresponding to the issued and paid up capital of RMB986,242 in Petro-king Huizhou.  |
| Consideration:   | RMB5.0 million (equivalent to approximately HK\$5.5 million).  |
| Payment of consideration:  | The consideration shall be payable in cash within seven calendar days after the signing of the Third Equity Transfer Agreement.  |
| Condition:   | The Third Equity Transfer Agreement shall become effective upon signing.   |
| Completion:  | Petro-king Shenzhen shall procure Petro-king Huizhou to complete the change of shareholding registration with the relevant government authority in charge of industrial and commercial administration for the Third Equity Transfer within one year after the receipt of the consideration by Petro-king Shenzhen from the Third Purchaser.<br><br>Completion of the Third Equity Transfer shall take place on the date when the change of shareholding registration with the relevant government authority is completed and the Third Purchaser has been registered as a shareholder of Petro-king Huizhou. |

The consideration for the Third Equity Transfer as disclosed above was arrived at after arm's length negotiations between Petro-king Shenzhen and the Third Purchaser with reference to, among others, (i) the implied valuation of 100% equity interest in Petro-king Huizhou of RMB645.0 million (equivalent to approximately HK\$712.2 million), (ii) the most recent financial performance and financial position of Petro-king Huizhou, (iii) the general industry and market environment in which Petro-king Huizhou operates and (iv) the prospects of a potential separate listing of Petro-king Huizhou in the future as further elaborated in the section below headed "REASONS FOR AND BENEFITS OF THE SECOND EQUITY TRANSFER AND THE THIRD EQUITY TRANSFER".

## **GRANT OF THE THIRD BUY-BACK OPTION**

Pursuant to the Third Equity Transfer Agreement, Petro-king Shenzhen granted the Third Buy-back Option to the Third Purchaser, such that after the Third Equity Transfer Agreement becomes effective and full payment of the consideration by the Third Purchaser is made, if Petro-king Huizhou fails to obtain approval from the relevant authority regarding its official listing on a stock exchange in the PRC by 31 December 2026 (the "**New Trigger Event**"), the Third Purchaser has the right to request, by serving a written notice and subject to the Company's compliance with all applicable laws, rules and regulations (including but not limited to the Listing Rules), Petro-king Shenzhen to buy back the equity interest in Petro-king Huizhou held by himself at the repurchase price in cash within 180 calendar days after the service of such written notice by the Third Purchaser.

If the Third Purchaser does not exercise the Third Buy-back Option by serving a written notice within 30 calendar days upon occurrence of the New Trigger Event, the Third Purchaser shall be deemed to have forfeited his right of the Third Buy-back Option and shall not request Petro-king Shenzhen to buy back his equity interest in Petro-king Huizhou thereafter.

The repurchase price under the Third Buy-back Option shall be calculated according to the following formula:

Repurchase price = Third Equity Transfer Consideration x (1+6% x n/365) – dividend – bonus

*Notes:*

- (a) "Third Equity Transfer Consideration" means the consideration paid by the Third Purchaser pursuant to the Third Equity Transfer Agreement
- (b) "n" means the actual number of days elapsed from the date of payment of the Third Equity Transfer Consideration up to the actual date of buy-back
- (c) "dividend" means the total dividend distributed by Petro-king Huizhou and received by the Third Purchaser from the completion date of the Third Equity Transfer Agreement up to the actual date of buy-back
- (d) "bonus" means the total bonus paid by Petro-king Huizhou and received by the Third Purchaser from the completion date of the Third Equity Transfer Agreement up to the actual date of buy-back

The repurchase price is tax-inclusive, and the Third Purchaser shall bear his own tax arising from the exercise of the Third Buy-back Option.

The repurchase price was arrived at after arm's length negotiations between Petro-king Shenzhen and the Third Purchaser, taking into account the prevailing market interest rate. No premium is payable in connection with the grant of the Third Buy-back Option.

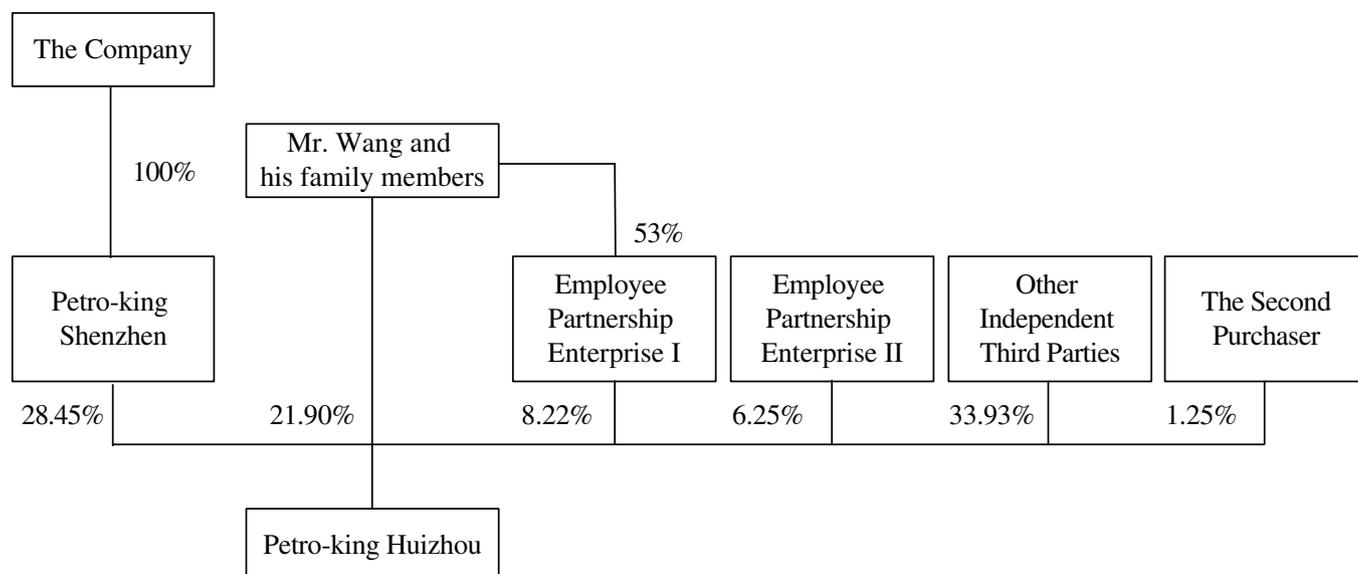
In the event that the Third Buy-back Option is exercised, the consideration paid by the Third Purchaser under the Third Equity Transfer Agreement is similar to a long-term financing provided to Petro-king Shenzhen. Therefore, the Company considered it appropriate to fix the interest rate at 6% per annum in the repurchase formula above with reference to the interest rates of the Group's bank and other borrowings. Having considered (i) the effective annual interest rate of the Group's bank and other borrowings ranging from approximately 6.0% to 15.0%, with a weighted average interest rate of approximately 6.2%, as at 30 June 2023, (ii) the implied valuation of Petro-king Huizhou of RMB645.0 million under the Third Equity Transfer Agreements being fair and reasonable and (iii) the general credit environment in the PRC oil and gas industry, the Board is of the view that the repurchase price under the Third Buy-back Option as calculated according to the above formula is fair and reasonable. The repurchase price of the Third Buy-back Option is expected to be funded by the internal resources and/or external borrowings of the Group.

When the Third Purchaser exercises the Third Buy-back Option, Petro-king Shenzhen shall take measures which are necessarily or reasonably required to enter into the relevant agreements and documents, and shall provide assistance or take measures which are necessarily to assist Petro-king Huizhou to (if required) obtain the approval from the relevant government authority, and to complete the registration or filing with, and sign such documents and applications required to be submitted to the relevant government authority.

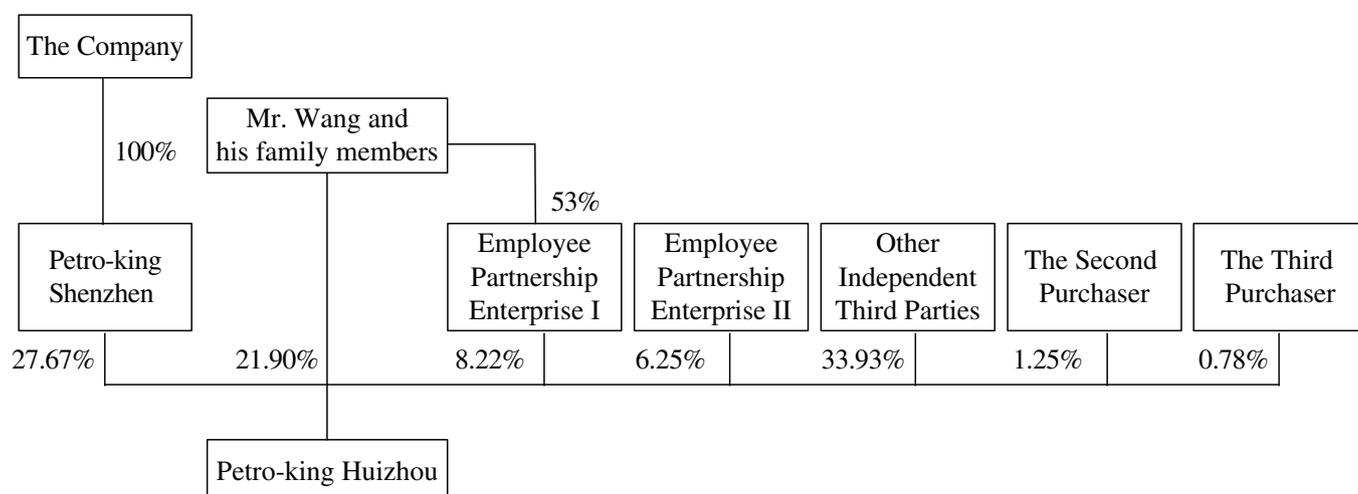
## **SHAREHOLDING STRUCTURE OF PETRO-KING HUIZHOU**

The diagrams below illustrate the simplified shareholding structure of Petro-king Huizhou (i) as at the date of this announcement and (ii) immediately upon completion of the Third Equity Transfer, assuming there will be no other changes to registered capital of Petro-king Huizhou:

As at the date of this announcement:



Immediately upon completion of the Third Equity Transfer:



Note: The shareholding percentages in the above diagrams were rounded off to 2 decimal places.

## REASONS FOR AND BENEFITS OF THE SECOND EQUITY TRANSFER AND THE THIRD EQUITY TRANSFER

The Directors believe that the Second Equity Transfer and Third Equity Transfer enable the Company to utilise the proceeds to repay the Group's borrowings and strengthen its financial position. In considering the terms of the Second Equity Transfer and Third Equity Transfer, the Directors have considered, among others, (i) the consideration of the Second Equity Transfer and Third Equity Transfer being determined at the implied valuation of the entire equity interest in Petro-king Huizhou of RMB645.0 million, which was considered to be a reasonable valuation by the Directors, (ii) the Group's level of bank and other borrowings of approximately HK\$206.4 million and gearing ratio

(calculated as net debt divided by total capital) of approximately 43.6% as at 30 June 2023 and (iii) following completion of the Second Equity Transfer and the Third Equity Transfer, the Group will retain approximately 27.67% equity interest in Petro-king Huizhou as a strategic investment.

It is the intention of Petro-king Huizhou to file a listing application to a recognised stock exchange in the PRC in the coming few years. In the event that Petro-king Huizhou is separately listed in the future, the Group will be able to share any potential upside as a result of such listing. The Second Buy-back Option and the Third Buy-back Option have been included in the Second Equity Transfer Agreement and Third Equity Transfer Agreement after arm's length negotiations, to provide the Second Purchaser and Third Purchaser with an exit mechanism for their investment, in case Petro-king Huizhou fails to go public in the future as planned.

The Group expects to record a gain of approximately RMB2.0 million and RMB3.3 million (equivalent to approximately HK\$2.2 million and HK\$3.6 million) in relation to the Second Equity Transfer and the Third Equity Transfer, respectively, calculated based on the estimated net proceeds to be received by the Group and the carrying value of the Group's equity interest in Petro-king Huizhou, assuming that the Second Equity Transfer and the Third Equity Transfer had been completed as at 30 June 2023. The exact amount of the gain on disposal will be calculated based on the financial information of Petro-king Huizhou as at the date of completion of the Second Equity Transfer and the Third Equity Transfer, the actual net proceeds to be received by the Group and the actual amount of taxes to be payable by the Group, and therefore may be different from the amount disclosed above.

Based on the above, the Directors consider that the Second Equity Transfer Agreement and the Third Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable, and that the entering into of the Second Equity Transfer Agreement and the Third Equity Transfer Agreement are in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

Upon completion of the Second Equity Transfer and the Third Equity Transfer, the Group expects to receive gross proceeds of RMB3.0 million (equivalent to approximately HK\$3.3 million) and RMB5.0 million (equivalent to approximately HK\$5.5 million), respectively. After deducting the estimated transaction costs and stamp duties directly attributable to the Second Equity Transfer and the Third Equity Transfer, the Group expects to receive net proceeds of approximately HK\$3.3 million and HK\$5.3 million from the Second Equity Transfer and the Third Equity Transfer, respectively. The Group intends to apply the above proceeds for the repayment of its borrowings and for general working capital purposes.

## INFORMATION ON THE PARTIES

### Information on the Group

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

Petro-king Shenzhen is a company established under the laws of the PRC with limited liability and is indirectly wholly-owned by the Company. It is principally engaged in investment holding in the PRC.

### Information on Petro-king Huizhou

Petro-king Huizhou is a company established under the laws of the PRC with limited liability and is principally engaged in the research and development, production and trading of oilfield and gas field related products.

Set out below is a summary of the unaudited consolidated financial information of Petro-king Huizhou and its subsidiaries for the year ended 31 December 2021 and 31 December 2022 respectively, prepared in accordance with the International Financial Reporting Standards:

|                   | <b>For the year ended<br/>31 December 2021</b> | <b>For the year ended<br/>31 December 2022</b> |
|-------------------|--|--|
|                   | <i>HK\$'000</i>                                | <i>HK\$'000</i>                                |
|                   | (unaudited)                                    | (unaudited)                                    |
| Turnover          | 173,903  | 186,311  |
| Profit before tax | 9,117  | 15,272   |
| Profit after tax  | 6,502  | 11,405   |

The unaudited consolidated net assets of Petro-king Huizhou and its subsidiaries as at 31 December 2022 was approximately HK\$224,879,000, based on the unaudited consolidated financial statements of Petro-king Huizhou as at 31 December 2022.

As at the date of this announcement, Petro-king Huizhou is (i) approximately 28.45% owned by the Group, (ii) approximately 21.90% directly owned by Mr. Wang and his family members, (iii) approximately 8.22% 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)<sup>#</sup>) (the “**Employee Partnership Enterprise I**”), (iv) approximately 6.25% 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)<sup>#</sup>) (the “**Employee Partnership Enterprise II**”), (v) approximately 6.20% owned by 粵科國惠創新創業基金(廣東)合夥企業(有限合夥) (Yueke Guohui Innovation and Entrepreneur Fund (Guangdong) Partnership Enterprise (Limited Partnership)<sup>#</sup> (“**Yueke Partnership**”), (vi) approximately 4.50% 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)<sup>#</sup>) (“**Shenzhen Kaian**”), (vii) approximately 3.10% owned by Ms. Fei Xiaofan, (viii) approximately 2.25% owned by Mr. Zhou Xian, (ix) approximately 2.25% owned by 東方港灣(橫琴)投資管理有限公司 (Dongfang Gangwan (Hengqin) Investment Management Co., Ltd.<sup>#</sup>) (“**Dongfang Gangwan**”), (x) approximately 2.25% owned by Mr. Zhang Houdong, (xi) approximately 2.25% owned by Mr. Fang Yonghao, (xii) approximately 2.25% owned by Mr. Yang Hongjun, (xiii) approximately 1.87% owned by Mr. Zhou Xiaoping, (xiv) approximately 1.80% owned by Mr. Dai Shaoyue, (xv) approximately 1.75% owned by 寧波梅山保稅港區準審創業投資合夥企業(有限合夥) (Ningbo Meishan Free Trade Zone Zhunrui Entrepreneur Investment Partnership Enterprise (Limited Partnership)<sup>#</sup>) (the “**Zhunrui Partnership**”), (xvi) approximately 1.27% owned by Mr. Zhang Shiqiang, (xvii) approximately 1.25% owned by the Second Purchaser, (xviii) approximately 0.78% owned by the First Purchaser, (xix) approximately 0.78% owned by Ms. Zhang Xiaorui and (xx) approximately 0.63% 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 family members held approximately 53% interest in the Employee Partnership Enterprise I as at the date of this announcement 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 date of this announcement. 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.

Yueke Partnership is a partnership enterprise and is principally engaged in equity investment, investment management and asset management. Yueke Partnership has 4 general partners, with 廣東省新興產業投資基金合夥企業(有限合夥) (Guangdong Emerging Industry Investment Fund Partnership (Limited Partnership)<sup>#</sup>), 惠州產業投資發展母基金有限公司 (Huizhou Industries Investment Development Master Fund Limited<sup>#</sup>), 廣東省粵科母基金投資管理有限公司 (Guangdong Yueke Master Fund Investment Management Limited<sup>#</sup>) and 惠州市國惠資本私募基金管理有限公司 (Huizhou Guohui Capital Private Equity Management Limited<sup>#</sup>) holding 49.75%, 49.75%, 0.25% and 0.25% partnership interest in Yueke Partnership respectively as at the date of this

announcement. 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 beneficial owners) and limited partners (including their beneficial owners) is an Independent Third Party.

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.<sup>#</sup>) (“**Shenzhen Kaihua**”) as the general partner. The general partner and the limited partner of Shenzhen Kaihua is 吳瑛 and 張浩宇 respectively, holding approximately 90% and 10% interest in Shenzhen Kaihua, respectively as at the date of this announcement. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the limited partner and the general partner of Shenzhen Kaian (including its ultimate beneficial owners) is an Independent Third Party.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of Ms. Fei Xiaofan, Mr. Zhou Xian, Mr. Zhang Houdong, Mr. Fang Yonghao, Mr. Yang Hongjun, Mr. Zhou Xiaoping, Mr. Dai Shaoyue, Mr. Zhang Shiqiang, the First Purchaser, Ms. Zhang Xiaorui 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.<sup>#</sup>), which is in turn owned by 但斌, 鄭衛峰, 張敏, 吳惠玲, 黃海平, 周明波 and 任仁雄 as to approximately 81.75%, 6%, 5.625%, 2%, 2%, 1.625% and 1% respectively as at the date of this announcement, all of them are Independent Third Parties.

The Zhunrui Partnership is principally engaged in investment in equities and has 7 partners, with 寧波市九天矩陣投資管理有限公司 (Ningbo Jiutian Juzhen Investment Management Limited<sup>#</sup>), the principal business of which is investment management, acting as the general partner and 寧波正棱柱創業投資合夥企業(有限合夥) (Ningbo Zheng Leng Zhu Entrepreneur Investment Partnership Enterprise (Limited Partnership)<sup>#</sup>) (the “**Zheng Leng Zhu Partnership**”), 袁冰, 何陟華, 張純, 周文 and 馬華 as limited partners, holding approximately 10.44%, 51.28%, 23.11%, 8.31%, 2.36%, 2.26%, 2.24%, respectively, in the Zhunrui Partnership as at the date of this announcement. The Zheng Leng Zhu Partnership is owned by 袁冰, 袁毅, 馬華, 董蕊利 and 張純 as to approximately 30%, 25%, 25%, 10% and 10% respectively as at the date of this announcement. 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.

### **Information on the Second Purchaser and Third Purchaser**

The Second Purchaser is 謝惠娥, a natural person who is an Independent Third Party.

The Third Purchaser is 趙清忠, a natural person who is an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Second Purchaser and the Third Purchaser is an Independent Third Party.

## **LISTING RULES IMPLICATIONS**

On 18 July 2023, Petro-king Shenzhen entered into the First Equity Transfer Agreement with the First Purchaser, in relation to the First Equity Transfer and the grant of the First Buy-back Option, details of which were set out in the announcement of the Company dated 18 July 2023.

On 27 October 2023, Petro-king Shenzhen entered into the Second Equity Transfer Agreement with the Second Purchaser, in relation to the Second Equity Transfer and the grant of the Second Buy-back Option.

On 2 January 2024, Petro-king Shenzhen entered into the Third Equity Transfer Agreement with the Third Purchaser, in relation to the Third Equity Transfer and the grant of the Third Buy-back Option.

As all of the applicable percentage ratios in respect of each of the Second Equity Transfer and the Third Equity Transfer, on standalone basis, is less than 5%, each of the Second Equity Transfer and the Third Equity Transfer itself does not constitute a discloseable transaction of the Company. The Second Equity Transfer and the Third Equity Transfer are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules as these transactions were entered into within a 12-month period and involve the disposals of equity interest in Petro-king Huizhou by the Group. As one or more of the applicable percentage ratios in respect of the Third Equity Transfer, when aggregated with the Second Equity Transfer, exceed 5% but all of them are less than 25%, the entering into of the Second Equity Transfer Agreement and the Third Equity Transfer Agreement and the transactions contemplated thereunder in aggregate constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. For demonstration purpose, if the Third Equity Transfer is being aggregated with the First Equity Transfer and the Second Equity Transfer, all of the applicable percentage ratios in aggregate are less than 25% and do not constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

For the purpose of Rule 14.74 of the Listing Rules, the grant of the Second Buy-back Option under the Second Equity Transfer Agreement and the grant of the Third Buy-back Option under the Third Equity Transfer Agreement, the exercise of which are not at the discretion of the Company, are classified as if the options had been exercised upon their grants. The grant of the Second Buy-back Option and the grant of Third Buy-back Option, which are considered as if they had been exercised upon their grants. As all of the applicable percentage ratios in respect of the Second Buy-back Option are less than 5%, on standalone basis, the grant of the Second Buy-back Option itself does not constitute a discloseable transaction of the Company. As one or more of the applicable percentage ratios in respect of the grant of the Third Buy-back Option, both on standalone basis and when aggregated with the grant of the Second Buy-back Option, exceeds 5% but all of them are less than 25%, the grant of the Third Buy-back Option, both on a standalone basis and when aggregated with the grant of the Second Buy-back Option, constitute discloseable transactions of the Company under

Chapter 14 of the Listing Rules, and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. For demonstration purpose, if the grant of the Third Buy-back Option is being aggregated with the grants of the First Buy-back Option and the Second Buy-back Option, all of the applicable percentage ratios in aggregate are less than 25% and do not constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

|                                   |   |
|-----------------------------------|---|
| “associate”                       | has the same meaning ascribed to it under the Listing Rules   |
| “Board”                           | the board of the Directors  |
| “Company”                         | Petro-king Oilfield Services Limited (百勤油田服務有限公司), a company incorporated in the British Virgin Islands, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2178)   |
| “connected person(s)”             | has the same meaning ascribed to it under the Listing Rules   |
| “Director(s)”                     | the director(s) of the Company  |
| “First Buy-back Option”           | the buy-back option granted to the First Purchaser pursuant to the First Equity Transfer Agreement  |
| “First Equity Transfer”           | the transfer of equity interest in Petro-king Huizhou by Petro-king Shenzhen to the First Purchaser pursuant to the First Equity Transfer Agreement   |
| “First Equity Transfer Agreement” | the equity transfer agreement dated 18 July 2023 entered into between Petro-king Shenzhen (as vendor) and the First Purchaser (as purchaser) in relation to the transfer of 0.8547% equity interest in Petro-king Huizhou by Petro-king Shenzhen to the First Purchaser |
| “First Purchaser”                 | 陳文政, being a party to the First Equity Transfer Agreement and an Independent Third Party  |
| “Group”                           | the Company and its subsidiaries  |
| “HK\$”                            | Hong Kong Dollars, the lawful currency of Hong Kong   |

|                                |   |
|--------------------------------|---|
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party(ies)” | any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules |
| “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, through his controlled corporation, deemed to be interested in approximately 28.32% of the entire shareholding of the Company as at the date of this announcement   |
| “Second Purchaser”             | 謝惠娥, being a party to the Second Equity Transfer Agreement and an Independent Third Party   |
| “percentage ratio(s)”          | percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules  |
| “Petro-king Huizhou”           | 百勤能源科技(惠州)有限公司 (Petro-king Energy Technology (Huizhou) Co., Ltd. <sup>#</sup> ), a company established in the PRC with limited liability and is approximately 28.45% directly owned by Petro-king Shenzhen as at the date of this announcement  |
| “Petro-king Shenzhen”          | 百勤石油(深圳)有限公司 (Petro-king Oil (Shenzhen) Co., Ltd. <sup>#</sup> ), a company established in the PRC with limited liability and is indirectly wholly-owned by the Company   |
| “PRC”                          | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan   |
| “RMB”                          | Renminbi, the lawful currency of the PRC  |
| “Second Buy-back Option”       | the buy-back option granted to the Second Purchaser pursuant to the Second Equity Transfer Agreement, as detailed in the section headed “GRANT OF THE SECOND BUY-BACK OPTION” in this announcement  |

|                                    |  |
|------------------------------------|--|
| “Second Equity Transfer”           | the transfer of equity interest in Petro-king Huizhou by Petro-king Shenzhen to the Second Purchaser pursuant to the Second Equity Transfer Agreement  |
| “Second Equity Transfer Agreement” | the equity transfer agreement dated 27 October 2023 entered into between Petro-king Shenzhen (as vendor) and the Second Purchaser (as purchaser) in relation to the transfer of 0.4651% equity interest in Petro-king Huizhou by Petro-king Shenzhen to the Second Purchaser |
| “Share(s)”                         | Ordinary share(s) in the share capital of the Company with no par value  |
| “Shareholder(s)”                   | holder(s) of the Share(s)  |
| “Stock Exchange”                   | The Stock Exchange of Hong Kong Limited  |
| “Third Buy-back Option”            | the buy-back option granted to the Third Purchaser pursuant to the Third Equity Transfer Agreement, as detailed in the section headed “GRANT OF THE THIRD BUY-BACK OPTION” in this announcement  |
| “Third Equity Transfer”            | the transfer of equity interest in Petro-king Huizhou by Petro-king Shenzhen to the Third Purchaser pursuant to the Third Equity Transfer Agreement  |
| “Third Equity Transfer Agreement”  | the equity transfer agreement dated 2 January 2024 entered into between Petro-king Shenzhen (as vendor) and the Third Purchaser (as purchaser) in relation to the transfer of 0.7752% equity interest in Petro-king Huizhou by Petro-king Shenzhen to the Third Purchaser    |
| “Third Purchaser”                  | 趙清忠, being a party to the Third Equity Transfer Agreement and an Independent Third Party   |
| “%”                                | per cent.  |

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

*Translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.1042.*

By Order of the Board  
**PETRO-KING OILFIELD SERVICES LIMITED**  
**Wang Jinlong**  
*Chairman*

Hong Kong, 2 January 2024

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