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SPT Energy Group Inc.

華油能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1251)

**DISCLOSEABLE TRANSACTIONS
FINANCE LEASE ARRANGEMENTS**

FINANCE LEASE ARRANGEMENTS

References is made to the announcement of the Company dated 27 December 2023 in relation to, among other things, the Finance Lease Arrangement XV. The Board announces that on 27 August 2024, the Lessee XVI, being a subsidiary of the Company, entered into the Finance Lease Agreement XVI with the Lessor, the details of which are set out in this announcement.

LISTING RULES IMPLICATIONS

Both Lessee XV and the Lessee XVI refer to Sinopetroleum Technology Inc.* (北京華油油氣技術開發有限公司), 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 each of the Finance Lease Arrangements XV and XVI, entered into during the period from 27 December 2023 to 27 August 2024; when aggregated, exceed 5% but are less than 25%, the abovementioned transactions contemplated thereunder each constituted a discloseable transaction of the Company and were subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

References is made to the announcement of the Company dated 27 December 2023 in relation to, among other things, the Finance Lease Arrangement XV. The Board announces that on 27 August 2024, the Lessee XVI, being a subsidiary of the Company, entered into the Finance Lease Agreement XVI with the Lessor, the details of which are as follows.

FINANCE LEASE ARRANGEMENT XVI

1. Finance Lease Agreement XVI

On 27 August 2024, the Lessor and Lessee XVI, an indirect subsidiary of the Company, entered into the Finance Lease Agreement XVI, pursuant to which (i) the Lessee XVI has agreed to sell its own assets, namely, the Leased Assets XVI, to the Lessor, at a transfer consideration of RMB11,000,000; and (ii) the Lessor has agreed to lease back the Leased Assets XVI to the Lessee XVI for a term of 36 months. The total lease payment under the Finance Lease Agreement XVI was RMB11,976,041, which shall include a finance lease principal of RMB11,000,000 and a finance lease interest (inclusive of VAT) of RMB976,041.

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

Date of agreement: 27 August 2024

Parties:

The purchaser and the Lessor: Zhongguancun Science-Tech

The seller and the Lessee XVI: Sinopetroleum Technology

Leased Assets XVI

The Leased Assets XVI are oil and gas drilling equipment stored in Turkmenistan, with a net book value of approximately RMB24,931,818 at the relevant time.

Lease period:

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

Consideration and payment terms:

The Lessor agreed to purchase the Leased Assets XVI from the Lessee XVI for RMB11,000,000. The payment of the consideration was conditional upon the fulfilment of certain conditions under the Finance Lease Agreement XVI, including, among others, (1) the due execution of the Finance Lease Agreement XVI and the underlying sale and purchase agreement of the Leased Assets XII; and (2) the Lessor having received the relevant documentary proof confirming the ownership of the Leased Assets XVI.

Pursuant to the Finance Lease Agreement XVI, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement XVI, the finance lease principal is RMB11,000,000, the finance lease interest (inclusive of VAT) is expected to be RMB976,041 (calculated based on the interest rate of 5.4% per annum), the total lease payment is RMB11,976,041, and the Lessee XVI shall pay the lease payment to the Lessor at the end of each quarter in instalments in accordance with the Finance Lease Agreement XVI 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 XVI 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 XVI and prevailing market prices of the same category of finance lease products in the PRC.

Security Deposit:

The Lessee XVI agreed to pay the security deposits for the Finance Lease Agreement XVI of RMB1,100,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement XVI, the lease payment and other payables under the final payment will automatically be deducted from the deposits, and the Lessor will refund the Lessee XVI the remaining amount (if any).

Ownership of the Leased Assets:

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

2. Consultancy Agreement XVI

The Lessee XVI and the Lessor also entered into the Consultancy Agreement XVI on 27 August 2024 under which the Lessor agreed to provide consultancy services to the Lessee XVI and the Lessee XVI will pay a consultancy fee of RMB396,000 to the Lessor. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

3. Guarantee XVI

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

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

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT XVI

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

The Directors are of the view that the Finance Lease Arrangement XVI is 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 ARRANGEMENT XVI

There will not be any gain or loss accrued to the Company when initially entered into the sale of the Leased Assets XVI under the Finance Lease Arrangement XVI, 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.

LISTING RULES IMPLICATIONS

Both Lessee XV and the Lessee XVI refer to Sinopetroleum Technology Inc.* (北京華油油氣技術開發有限公司), 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 each of (1) the Finance Lease Arrangement XV, entered into on 27 December 2023; (2) the Finance Lease Arrangements XV to XVI, entered into during the period from 27 December 2023 to 27 August 2024, when aggregated, exceed 5% but are less than 25%, the abovementioned transactions contemplated thereunder each constituted a discloseable transaction of the Company and were subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	SPT Energy Group Inc. (華油能源集團有限公司*), a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultancy Agreement XVI”	the consultancy agreement entered into between the Lessor and the Lessee XVI on 27 August 2024
“Directors”	the directors of the Company
“Finance Lease Agreement XVI”	the finance lease agreement entered into between the Lessor and the Lessee XVI on 27 August 2024
“Finance Lease Arrangements”	the Finance Lease Arrangement XV and Finance Lease Arrangement XVI
“Finance Lease Arrangement XV”	the transaction contemplated thereunder the finance lease agreement entered into between Lessor and Lessee XV on 27 December 2023 and the relevant guarantee arrangements and consultancy agreement
“Finance Lease Arrangement XVI”	the transactions contemplated thereunder the Finance Lease Agreement XVI, the Guarantee XVI and the Consultancy Agreement XVI
“Group”	the Company and its subsidiaries
“Guarantee XVI”	the guarantee dated 27 August 2024 given by Langfang SPT in favour of the Lessor, entered in conjunction with the Finance Lease Agreement XVI
“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 XVI”	oil and gas drilling equipment stored in Turkmenistan under the Finance Lease Agreement XVI
“Lessee(s)”	the Lessee XVI

“Lessee XV” , “Lessee XVI”, 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. Ethan Wu
Chairman

The PRC, 27 August 2024

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

* For identification purposes only