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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 ARRANGEMENT**

#### **FINANCE LEASE ARRANGEMENT**

The Board announces that on 25 December 2022, the Lessee, being a subsidiary of the Company, entered into the Finance Lease Arrangement with the Lessor and its subsidiary, the details of which are set out in this announcement.

#### **LISTING RULES IMPLICATIONS**

The Lessee is an indirect subsidiary of the Company. As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement are higher than 5% but less than 25%, the 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**

The Board announces that on 25 December 2022, the Lessee, being a subsidiary of the Company, entered into the Finance Lease Arrangement with the Lessor and its subsidiary, the details of which are set out in this announcement.

#### **FINANCE LEASE ARRANGEMENT**

##### **1. Finance Lease Agreement**

On 25 December 2022, the Lessor and the Lessee, an indirect subsidiary of the Company, entered into the Finance Lease Agreement, pursuant to which (i) the Lessee has agreed to sell its own assets, namely the Leased Assets, to the Lessor, at a transfer consideration of RMB31,280,000; and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee for a term of 24 months. The total lease payment under the Finance Lease Agreement was RMB33,888,000, which shall include a finance lease principal of RMB31,280,000 and a finance lease interest (inclusive of VAT) of RMB2,608,000.

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

**Date of agreement:** 25 December 2022

**Parties:**

The purchaser and the Lessor: Far Eastern Leasing  
The seller and the Lessee: Sinopetroleum Technology

**Leased Assets:**

The Leased Assets are oil and gas field operation equipment stored in Xinjiang, the PRC, with a net book value of approximately RMB28,282,521 at the relevant time.

**Lease period:**

The lease period of the Finance Lease Agreement is 24 months.

**Consideration and payment terms:**

The Lessor will purchase the Leased Assets from the Lessee for RMB31,280,000. The payment of the consideration is conditional upon the fulfilment of certain conditions under the Finance Lease Agreement, including, among others, (1) the due execution of the Finance Lease Agreement 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, the lease payment comprises finance lease principal and finance lease interest (inclusive of VAT). Under the Finance Lease Agreement, the finance lease principal is RMB31,280,000, the finance lease interest (inclusive of VAT) is expected to be RMB2,608,000 (calculated based on the interest rate of 7.81% per annum), the total lease payment is RMB33,888,000, and the Lessee shall make the lease payment to the Lessor at the end of each month in instalments in accordance with the Finance Lease Agreement 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 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 agreed to pay the security deposits for the Finance Lease Agreement of RMB1,280,000 (bearing nil interests). On the last lease payment of the Finance Lease Agreement, the lease payment and other payables under the final payment may be deducted from the deposits, and the Lessor will refund the Lessee 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 has properly and fully performed all obligations under the Finance Lease Agreement, upon the expiry of the Finance Lease Agreement, the Lessor will transfer the Leased Assets to the Lessee at the consideration of RMB100 in nominal value.

## **2. Consultancy Agreement**

The Lessee and Far East Horizon Leasing, a subsidiary of the Lessor, also entered into the Consultancy Agreement on 25 December 2022 under which Far East Horizon Leasing will provide consultancy services to the Lessee and the Lessee will pay a consultancy fee of RMB630,000 to Far East Horizon Leasing. The consultancy services cover professional advice and guidance on financial planning, policy consulting and client liaison.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT**

The Directors consider that the entry of the Finance Lease Arrangement will enhance the working capital position of the Lessee to optimise its asset and debt structure by increasing the liquidity position of the Lessee and to support its business and operational activities. The proceeds from the Finance Lease Arrangement will apply 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 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**

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 Arrangement, 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.

## **Far Eastern Leasing**

Far Eastern Leasing is a company incorporated in the PRC, which is a direct wholly-owned subsidiary of Far East Horizon Limited (遠東宏信有限公司), the shares of which are listed on the Stock Exchange (stock code: 3360). Far Eastern Leasing is principally engaged in the provision of finance leases.

## **Far East Horizon Leasing**

Far East Horizon Leasing is a company incorporated in the PRC, which is held as to 55% by Far Eastern Leasing and 45% by Far East Horizon Limited. Far East Horizon Leasing is principally engaged in the provision of finance leases.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Far Eastern Leasing, Far East Horizon Leasing and their ultimate beneficial owners are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

The Lessee is an indirect subsidiary of the Company. As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement are higher than 5% but less than 25%, the transactions contemplated therein constituted a discloseable transaction of the Company and is 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”	the consultancy agreement entered into between Far East Horizon Leasing and the Lessee on 25 December 2022
“Directors”	the directors of the Company
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessor and the Lessee on 25 December 2022
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease Agreement and the Consultancy Agreement
“Group”	the Company and its subsidiaries
“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
“Leased Assets”	oil and gas field operation equipment stored in Xinjiang, the PRC under the Finance Lease Agreement
“Lessee” 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 “Far Eastern Leasing”	International Far Eastern Leasing Co., Ltd.* (遠東國際融資租賃有限公司), a company incorporated under the laws of the PRC with limited liability
“Far East Horizon Leasing”	Far East Horizon Leasing Co., Ltd.* (遠東宏信融資租賃有限公司), a company incorporated under the laws of the PRC with limited liability
“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 2022

*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, Mr. Wan Kah Ming and Mr. Ma Xiaohu.*

\* For identification purposes only