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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
JOINT ARRANGEMENT TO EXPLORE AND EXPLOIT
THE JABUNG TENGAH BLOCK IN INDONESIA**

BACKGROUND

On 13 September 2022, CNG and RAJA entered into the Consortium Agreement for the purpose of cooperating to manage oil and gas in the Jabung Tengah Block in Indonesia. Pursuant to the Consortium Agreement, CNG and RAJA agreed to participate in the tender to manage the Jabung Tengah Block on a 70:30 basis.

On 28 December 2022, CNG and RAJA were informed that they had won the bid. Therefore, on 28 December 2022, the Company has made an announcement in relation to the successful tender for the exploration and exploitation rights of the Jabung Tengah Block in Indonesia, subject to entry of definitive agreements.

JOINT ARRANGEMENT

On 25 January 2023, CNG (a subsidiary of the Company), RES (a subsidiary of RAJA) and SKK MIGAS entered into the Production Sharing Contract. The Production Sharing Contract is a cooperation agreement, pursuant to which SKK MIGAS shall be responsible for the management of the Petroleum Operations and the Contractors, namely CNG and RES, shall be responsible for the execution of Petroleum Operations. The term of the Production Sharing Contract is 30 years, comprising an exploration period and an exploitation period. The initial term of exploration period is six years subject to extension of a maximum period of four years.

Pursuant to the Production Sharing Contract, the Contractors agreed to complete the Firm Commitment during the first three years, the estimated amount of which is a sum of USD16,550,000. CNG and RES shall each contribute the amount under the Firm Commitment on a 70:30 basis. The amount to be contributed under the Firm Commitment by the Contractors was determined after arm's length negotiation among the parties, with reference to the estimated funding requirement of the exploration operations for the first three years. CNG intends to satisfy the amount of its Firm Commitment by its internal resources and other fund-raising activities to be conducted by the Group.

The Contractors shall submit a performance bond of 10% of the total amount under the Firm Commitment for the benefit of GOI on or before the day of the signing of the Production Sharing Contract. The value of the performance bond may be reduced if the value of the remaining Firm Commitment that has not been satisfied is less than the value of the performance bond.

REASONS FOR AND BENEFITS OF THE JOINT ARRANGEMENT

The purpose of the Joint Arrangement is to allow the Contractors to cooperate to explore and exploit the Jabung Tengah Block. The Directors believe that the Joint Arrangement is an important step for the Group's business development in the energy sector and it is in line with its long term development strategy. Furthermore, the Joint Arrangement will also create synergy through utilization of resources, expertise and experience of the Contractors to exploring and exploiting the Jabung Tengah Block in Indonesia.

The Directors are of the view that the Joint Arrangement is entered into on normal commercial terms and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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.

CNG

CNG, a subsidiary of the Company, is a company incorporated in the Republic of Indonesia and will be principally engaged in the subject matter of the Production Sharing Contract.

RAJA and RES

RAJA is a company incorporated in the Republic of Indonesia with limited liability whose shares are listed on the Indonesia Stock Exchange and is principally engaged in the provision of natural gas distribution services. RES is a company incorporated in the Republic of Indonesia and is principally engaged in energy business. RES is 99.99% owned by RAJA.

SKK MIGAS

SKK MIGAS is the task force for upstream oil and gas activities of the GOI to conduct management of upstream oil and gas business activities.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, RAJA, RES, and SKK MIGAS and their ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

CNG is a subsidiary of the Company. The entry of the Production Sharing Contract constitutes a joint arrangement between the Company and RES under Rule 14.04(1)(f) of the Listing Rules. As the applicable percentage ratios in respect of CNG's Firm Commitment in the Production Sharing Contract is higher than 5% but less than 25%, the transaction contemplated therein constitutes 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
“CNG”	PT CIPTA NIAGA GEMILANG, a subsidiary of the Company
“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
“Consortium Agreement”	the consortium agreement entered into between CNG and RAJA on 13 September 2022
“Contract Area”	the area where the Contractors are appointed to carry out Petroleum Operations
“Contractors”	CNG and RES
“Directors”	the directors of the Company
“Firm Commitment”	the work programs to be carried out in the Contract Area in conducting exploration operations during the first three years, the estimated amount of which is a sum of USD16,550,000 for which the Contractors are committed and obligated to complete
“GOI”	the Government of the Republic of Indonesia
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party who is independent of the Company and its connected persons (as defined in the Listing Rules)
“Jabung Tengah Block”	Jabung Tengah oil and gas field block in Jambi Province, Indonesia
“Joint Arrangement”	the arrangement involving the cooperation of the Contractors to explore and exploit the Jabung Tengah Block as set out in the Consortium Agreement and the Production Sharing Contract
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Petroleum Operations”	all exploration, exploitation, extraction, production, transportation, marketing, abandonment and site restoration operations authorized or contemplated under the Production Sharing Contract
“Production Sharing Contract”	the production sharing contract entered into among CNG, RES and SKK MIGAS on 25 January 2023
“RAJA”	PT RUKUN RAHARJA TBK, a company incorporated in the Republic of Indonesia with limited liability whose shares are listed on the Indonesia Stock Exchange
“RES”	PT RAHARJA ENERGI SENTOSA, a subsidiary of RAJA and a company incorporated in the Republic of Indonesia
“Shareholder(s)”	holder(s) of the share capital of the Company
“SKK MIGAS”	SATUAN KERJA KHUSUS PELAKSANA KEGIATAN USAHA HULU MINYAK DAN GAS BUMI, the task force for upstream oil and gas activities of the GOI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America

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

The People’s Republic of China, 25 January 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