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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



申萬宏源證券(香港)有限公司
SHENWAN HONGYUAN SECURITIES (H.K.) LIMITED

On 26 April 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 306,958,000 Placing Shares to not less than six Places at a price of HK\$0.78 per Placing Share.

The maximum of 306,958,000 Placing Shares represent (i) approximately 19.98% of the issued share capital of the Company of 1,536,169,665 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company of 1,843,127,665 Shares as enlarged by the issued of the 306,958,000 Placing Shares. Based on the par value of US\$0.0001 per Share, the aggregate nominal value of the maximum number of Placing Shares under the Placing will be approximately US\$30,695.80.

The Placing Price of HK\$0.78 per Placing Share represents (i) a discount of approximately 4.88% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on 26 April 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 2.5% to the average closing price of the approximately HK\$0.80 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 25 April 2018, being the last trading day prior to the date of the Placing Agreement.

The Placing Shares will be issued under the General Mandate and therefore the Placing will not subject to any Shareholder's approval.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$239,427,240 and HK\$232,025,986.90 respectively. The net Placing Price will be approximately HK\$0.76 per Share. The net proceeds from the Placing are intended to be used for general working capital of the Group or to finance any future opportunities to be identified by the Company or to repay existing debts or borrowings.

Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 26 April 2018

Issuer: The Company

Placing Agent: Shenwan Hongyuan Securities (H.K.) Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Number of Placing Shares

The maximum of 306,958,000 Placing Shares represent (i) approximately 19.98% of the issued share capital of the Company of 1,536,169,665 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company of 1,843,127,665 Shares as enlarged by the issued of the 306,958,000 Placing Shares. Based on the par value of US\$0.0001 per Share, the aggregate nominal value of the maximum number of Placing Shares under the Placing will be approximately US\$30,695.80. The number of the Placing Shares shall be not less than 245,566,452 Share unless with the Company's written consent.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.78 per Placing Share represents (i) a discount of approximately 4.88% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on 26 April 2018, being the date of the Placing Agreement; and (ii) a discount of approximately 2.5% to the average closing price of the approximately HK\$0.80 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 25 April 2018, being the last trading day prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and placing commission) are on normal commercial terms and are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six Placees, who are institutional, professional and/or individual investors and whose ultimate beneficial owners are independent and not connected with any directors, chief executive or substantial Shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees will become a substantial Shareholder of the Company as a result of the Placing.

Condition of the Placing Agreement

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and in the event that the conditions are not fulfilled by 18 May 2018 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall become cease and the Placing Agent shall be released from all obligations pursuant to the Placing Agreement and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice given to the Company by the Placing Agent at any time prior to 10:00 a.m. on the date of completion of the Placing Agreement upon the occurrence of the following events:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or

- (e) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or the prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

In the event that the Placing Agreement is terminated pursuant to the termination clause thereof, all obligations of each of the parties under the Placing Agreement shall become cease and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion

Completion of the Placing will take place at 10:00 a.m. (Hong Kong time) on the sixth (6th) Business Day after the date of the Placing Agreement, subject to the fulfilment of the condition precedent as set out in the paragraph headed “Condition of the Placing Agreement” above is satisfied or such other date and/or time as the Company and the Placing Agent may agree in writing.

Placing commission

The Placing Agent shall receive a placing commission of 3% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed by it. The placing commission was determined after arm’s length negotiations between the Company and the Placing Agent with reference to the prevailing market rate.

General Mandate

Under the General Mandate, the Directors are authorised to allot and issue up to 306,958,066 Shares. The Company did not allot and issue any new Shares pursuant to such mandate prior to the date of the Placing Agreement. The maximum of 306,958,000 Placing Shares are capable of being issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON SHAREHOLDERS STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon the completion of the Placing.

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	Number of shares	Approximate %	Number of shares	Approximate %
Mr. Wang Guoqiang ⁽¹⁾	489,512,000	31.87	489,512,000	26.56
Mr. Ethan Wu ⁽²⁾	158,972,000	10.35	158,972,000	8.63
Public Shareholders				
Placees	–	–	306,958,000	16.65
Other public Shareholders	887,685,665	57.78	887,685,665	48.16
Total	1,536,169,665	100.00	1,843,127,665	100.00

Notes:

1. Mr. Wang Guoqiang and his family members are the beneficiaries of Truepath Trust, a discretionary trust established by Mr. Wang Guoqiang, and therefore he is deemed to be interested in 489,512,000 shares of the Company held by Red Velvet Holdings Limited via Truepath Limited.
2. (i) Mr. Ethan Wu and his family members are the beneficiaries of Widescope Trust, a discretionary trust established by Mr. Ethan Wu, and therefore he is deemed to be interested in 137,372,000 shares of the Company held by Elegant Eagle Investments Limited via Widescope Holdings Limited. (ii) Mr. Wu and his family members are the beneficiaries of True Harmony Trust, a discretionary trust established by Mr. Ethan Wu, and therefore he is deemed to be interested in 21,600,000 shares of the Company held by Best Harvest Far East Limited via True Harmony Limited.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of oilfield services including drilling, well completion, reservoir, with ancillary activities in trading and manufacturing of oilfield services related products.

The maximum gross proceeds and maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) are expected to be HK\$239,427,240 and approximately HK\$232,025,986.90, respectively. The Company intends to use the net proceeds from the Placing for the general working capital of the Company or to finance any future opportunities to be identified by the Company or to repay existing debts or borrowings. The net proceeds raised per Placing Share will be approximately HK\$0.76.

The Directors have considered various ways of raising funds and consider that the Placing represents an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider that the Placing Agreement is of the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising activities in the past 12 months immediately preceding the date of this announcement.

GENERAL

Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	The board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business
“Company”	SPT Energy Group Inc., a company incorporated under the laws of Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1251)
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board pursuant to an ordinary resolution pass by the Shareholders at the Company’s annual general meeting on 6 June 2017 to allot, issue and deal with up to 20% of the then issued share capital of the Company (being 1,534,790,332 Shares) as at the date of passing such resolution, which is equivalent to 306,958,066 new Shares
“Group”	the Company and its subsidiaries, from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent institutional, professional and/or individual investors who are not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the placing of a maximum of 306,958,000 Shares on a best effort basis pursuant to the terms and conditions of the Placing Agreement

“Placing Agent”	Shenwan Hongyuan Securities (H.K.) Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) in Hong Kong, of which is a third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 26 April in respect of the Placing
“Placing Price”	HK\$0.78 per Placing Share (excluding any Securities and Futures Commission of Hong Kong transaction levy, Stock Exchange trading fee and other fees or levies as may be payable by the Placees)
“Placing Share(s)”	a maximum 306,958,000 Shares to be issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shares”	Ordinary share(s) of nominal value of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	U.S. dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 26 April 2018

As at the date of this announcement, the executive directors are Mr. Wang Guoqiang, Mr. Ethan Wu, Mr. Liu Ruoyan and Mr. Li Qiang; the executive directors are Mr. Lin Yang and Ms. Chen Chunhua; the independent non-executive directors are Ms. Zhang Yujuan, Mr. Wu Kwok Keung Andrew and Mr. Wan Kah Ming.

* *for identification purpose only*