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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)

**ANNOUNCEMENT IN RELATION TO AWARD OF A TENDER FOR A
PROJECT OF DRILLING AND WELL COMPLETION OF
HOT DRY ROCK**

This is a voluntary announcement made by SPT Energy Group Inc. (the “**Company**”).

The board of directors of the Company (the “**Board**”) is pleased to announce that a subsidiary of the Company has won a tender for a project of drilling and well completion of hot dry rock in Qinghai Province, China (the “**Project**”). The contract amount of the Project is RMB16.80 million and it is expected to be completed in April 2019. The Project has laid a sound beginning for the Company and its subsidiaries (the “**Group**”) to expand the new energy business other than conventional oil and gas.

The hot dry rock developed by the Project is a renewable clean energy source with great potential. Since the beginning of the 1970s, many countries in the world have been conducting experiments on the development and utilization of this energy. China, as a country rich in geothermal resources, has paid great attention to the development of hot dry rock in the “13th Five-Year Plan”. In August 2017, the 236°C high-temperature hot dry rock successfully found in the Qinghai Gonghe Basin was the hot dry rock with the shallowest depth and the highest temperature successfully found for the first time in China. The major breakthrough achieved by this technology has provided an opportunity for the Group to promote the development of hot dry rock.

Hot dry rock is an emerging energy source and there are many difficulties in drilling and mining technology for this energy source. The Group, centralising the research and development forces of elite technologies and prioritising the underground tools and equipment with higher temperature resistance, has proposed an effective solution to overcome the acceleration problems rising from high temperature and hard drilling of hot dry rock and the temperature resistance of drilling fluids and cementing additives. Meanwhile, the Group strives to solve the world-class problems such as the effective volume of heat exchange seams of hot dry rock.

The Group believes that in view of the development of hot dry rock, especially commercial development, it is still at an exploratory stage. Previously, only the developed countries such as the United States, the United Kingdom and France have made some breakthroughs in the development of hot dry rock, therefore the development of the Project places a strategically great importance for the development of the clean energy industry in China. The Project is also an important breakthrough for the Group to expand into the new energy field. The Group will further integrate technological advantages, optimise business segments and strengthen technological innovation to provide customers with better services by virtue of the Project.

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

Hong Kong, 14 May 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 non-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 purposes only*