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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
HIGH PERFORMANCE WATER-BASED DRILLING FLUID
TECHNICAL SERVICES PROJECT**

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 recently won a tender for an oilfield technical services project using high performance water-based drilling fluid in the Xinjiang region (the “**Project**”). The total amount of the Project is approximately RMB21 million.

This Project is the first technical services project using high performance water-based drilling fluid undertaken by the Company and its subsidiaries (the “**Group**”), and preliminary testing indicators have met the requirements put forward by the customer. High performance water-based drilling fluid is an environmentally-friendly drilling fluid system developed by the Group in response to China’s new environmental requirements for oil and gas industries, the development potentials of which are broad and with high performance and environmental technical advantages. The successful development and the breakthrough in orders of the high performance water-based drilling fluid have enabled the Group to once again be at the lead of the industry in this field.

Ultra-deep, high temperature, borehole walls vulnerable to fracturing or collapsing, complicated formations bearing salt and other difficulties exist for the Project’s target well. During the execution of the Project, the Group will select and appoint experienced engineers who participated in the prior experimentation stage to serve on site in order to reduce development costs for the customers and enhance on-site construction safety and quality as well as development efficiency. The Group’s experiment and testing centre will also continue to refine the system based on on-site service conditions, providing sufficient backend support and ensuring the successful completion of construction of the Project. The Project’s target well is expected to start service in August 2018.

In view of China's increasing awareness for energy conservation and environmental protection, the Group believes that environmentally-friendly drilling fluid is the future trend in the development of drilling technical services. At present, China's environmentally-friendly drilling fluids are mostly still at in-door research stages. Field application are mainly conducted on low density, low well temperature and low development difficulty wells. Application of drilling fluids on ultra-deep, high pressure and high temperature wells are basically non-existent. Should the high performance water-based drilling fluids used in this Project be successfully applied, the Group would also get ahead of the curve in this high technology field with better core competitiveness and broader development prospects.

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

Hong Kong, 18 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*