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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND RESUMPTION OF TRADING

ANNUAL RESULTS HIGHLIGHTS

The Group's revenue for the year ended 31 December 2024 was RMB1,694.1 million, representing a decrease of RMB253.1 million, or 13.0%, from RMB1,947.2 million for the previous year. The loss attributable to equity owners of the Company was RMB256.2 million, while the profit attributable to equity owners of the Company for the previous year was RMB16.7 million.

No final dividend for the year ended 31 December 2024 was proposed by the Board to the shareholders of the Company (for the year ended 31 December 2023: nil).

RESULTS

The board of directors (the "**Board**") of SPT Energy Group Inc. (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Reporting Year**"), together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**359,855**	407,048
Right-of-use assets		**46,197**	55,754
Intangible assets		**13,281**	14,561
Investment in an associate		**1,796**	1,921
Investment in a joint venture		**2,609**	235
Deferred income tax assets		**106,327**	115,399
Financial assets at fair value through other comprehensive income		**10,368**	7,287
Other non-current assets		**16,145**	16,145
Prepayments and other receivables	*5*	**22,681**	33,504
		579,259	651,854
Current assets			
Inventories		**529,122**	656,583
Contract assets	*3*	**34,312**	21,966
Trade and note receivables	*4*	**652,270**	1,016,402
Prepayments and other receivables	*5*	**288,307**	238,812
Restricted bank deposits		**36,165**	22,410
Cash and cash equivalents		**389,230**	303,180
		1,929,406	2,259,353
Total assets		**2,508,665**	2,911,207
Equity			
Equity attributable to the Company's equity holders			
Share capital	*6*	**1,247**	1,247
Share premium		**869,853**	869,853
Other reserves		**362,063**	351,401
Currency translation differences		**(533,160)**	(501,629)
Retained earnings		**322,295**	579,236
		1,022,298	1,300,108
Non-controlling interests		**(19,842)**	(14,868)
Total equity		**1,002,456**	1,285,240

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Borrowings		**55,074**	77,206
Non-current lease liabilities		**7,903**	13,292
Deferred income tax liabilities		**24,655**	26,252
		87,632	116,750
Current liabilities			
Borrowings		**456,000**	355,303
Current portion of long-term borrowings		**115,301**	60,907
Contract liabilities	*3*	**58,188**	44,190
Trade and note payables	*7*	**557,385**	777,453
Accruals and other payables	*8*	**189,212**	205,281
Current income tax liabilities		**36,768**	55,154
Current portion of lease liabilities		**5,723**	10,929
		1,418,577	1,509,217
Total liabilities		**1,506,209**	1,625,967
Total equity and liabilities		**2,508,665**	2,911,207

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**1,694,119**	1,947,244
Other gains, net		**1,669**	12,297
Operating costs			
Material costs		**(501,992)**	(549,238)
Employee benefit expenses		**(641,501)**	(627,213)
Short-term and low-value lease expenses		**(133,723)**	(123,985)
Transportation costs		**(29,374)**	(33,783)
Depreciation and amortisation		**(55,239)**	(71,174)
Technical service expenses		**(253,178)**	(265,232)
Impairment loss of right-of-use assets		**(1,516)**	–
Impairment loss of property, plant and equipment		**(13,503)**	–
Net impairment losses of financial assets and contract assets		**(53,725)**	(46,831)
Write-down of inventories and provision of prepayments		**(12,961)**	(4,751)
Others		**(217,073)**	(183,321)
		(1,913,785)	(1,905,528)
Operating (loss)/profit		**(217,997)**	54,013
Finance income	*9*	**1,797**	802
Finance costs	*9*	**(33,002)**	(31,948)
Finance costs, net		**(31,205)**	(31,146)
Share of net profit/(loss) of an associate and a joint venture accounted for using the equity method		**2,625**	(1,317)
(Loss)/profit before income tax		**(246,577)**	21,550
Income tax expense	*10*	**(17,008)**	(12,772)
(Loss)/profit for the year		**(263,585)**	8,778
Attributable to:			
Owners of the Company		**(256,231)**	16,745
Non-controlling interests		**(7,354)**	(7,967)
		(263,585)	8,778
(Loss)/earnings per share for the (loss)/profit attributable to the owners of the Company			
Basic (loss)/earnings per share	*12*	**RMB (0.131)**	RMB 0.009
Diluted (loss)/earnings per share	*12*	**RMB (0.131)**	RMB 0.009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(263,585)**	8,778
Other comprehensive (loss)/income:		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**(42,911)**	8,439
Items that will not be subsequently reclassified to profit or loss:		
Currency translation differences	**12,060**	13,847
Changes in fair value of equity investments at fair value through other comprehensive income	**3,081**	(1,081)
Total comprehensive (loss)/income for the year	**(291,355)**	29,983
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	**(284,681)**	38,213
Non-controlling interests	**(6,674)**	(8,230)
	(291,355)	29,983

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**40,692**	153,561
Income tax paid	**(14,313)**	(11,456)
Net cash generated from operating activities	**26,379**	142,105
Cash flows from investing activities		
Purchases of property, plant and equipment	**(22,225)**	(53,736)
Proceeds from disposal of property, plant and equipment	**55**	35
Cash disposed on change from a subsidiary to a joint venture	**–**	(3,513)
Increase in restricted bank deposits	**(13,755)**	(5,221)
Interest received	**1,927**	744
Dividends received from an associate	**400**	–
Dividends received from investment in financial assets at fair value through other comprehensive income	**889**	785
Net cash used in investing activities	**(32,709)**	(60,906)
Cash flows from financing activities		
Proceeds from borrowings	**677,432**	591,528
Repayments of borrowings	**(539,555)**	(630,414)
Proceeds from issues of new shares	**–**	21,896
Interest paid	**(26,492)**	(22,148)
Principal elements of lease payments	**(7,125)**	(11,887)
Payments of financing fee and deposits	**(6,196)**	(7,318)
Net cash generated from/(used in) financing activities	**98,064**	(58,343)
Net increase in cash and cash equivalents	**91,734**	22,856
Cash and cash equivalents at beginning of the year	**303,180**	277,536
Effects of exchange rate changes on cash and cash equivalents	**(5,684)**	2,788
Cash and cash equivalents at end of the year	**389,230**	303,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

SPT Energy Group Inc. (the "**Company**") was incorporated in the Cayman Islands on 12 June 2008 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The Company and its subsidiaries (collectively the "**Group**") are an international comprehensive energy company principally engaged in oilfield exploration and development, oil-field services and new energy business in the People's Republic of China (the "**PRC**") and overseas. The Group is committed to providing comprehensive solutions for the exploration and development of conventional and unconventional energy sources such as oil and natural gas, and providing technical research and engineering services in the entire industry chain of carbon capture, utilization, and storage ("**CCUS**"). The ultimate controlling party of the Group is Mr. Wang Guoqiang (王國強) and Mr. Ethan Wu (吳東方) (collectively referred to as the "**Controlling Shareholders**").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 23 December 2011.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated, and are approved for issue by the Board of Directors on 27 June 2025.

2. BASIS OF PREPARATION

2.1 Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Boards ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) ("**HKCO**").

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

2.3 Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1, Presentation of financial statements – Classification of liabilities as current or non-current and Amendments to IAS 1, Presentation of financial statements – Non-current liabilities with covenants

The amendments to IAS 1 (2020) concern the requirements on determining if a liability is current or non-current. In particular, the amendments specify the condition of an entity to classify a liability as non-current requires that a right to defer settlement must exist at the end of the reporting period and have substance, and clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.

The amendments also specify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the classification of such liability is not affected only when the conversion option is recognised separately from the host liability as an equity component under IAS 32.

The amendments to IAS 1 (2022) specify that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, an entity is required to disclose information regarding the risk that the non-current liabilities subject to future covenants could become repayable within twelve months after the end of the reporting period.

The 2022 amendments defer the effective date of the 2020 amendments to annual reporting periods beginning on or after 1 January 2024. If an entity applies one of these two amendments for an earlier period, the other amendments should also be applied for that period.

2.4 New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]
Amendments to IAS 21	Lack of Exchangeability[1]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the Chief Executive Officer, vice presidents and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on this financial information.

The Group's operating segments, which are also the reportable segments, are entity or group of entities that offer different products and services, which is the basis by which the CODM makes decisions about resources to be allocated to the segments and assesses their performance. They are so managed according to different natures of products and services. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

The CODM assesses performance of four reportable segments: drilling, well completion, reservoir and others. These reporting segments comprise respective services performed in these areas and related ancillary manufacturing activities.

(a) Revenue

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Drilling	**462,521**	513,406
Well completion	**280,837**	477,844
Reservoir	**816,843**	784,169
Others*	**133,918**	171,825
	1,694,119	1,947,244

* Others include the sales of natural gas and the related service provided.

The revenue from external customers reported to the CODM is measured in a manner consistent with that in the income statement. The CODM evaluates the performance of the reportable segments based on profit or loss before income tax expense, depreciation and amortisation, interest income, finance costs and certain unallocated expense ("**EBITDA**").

Revenue amounting to RMB1,281,676,000 (2023: RMB1,361,094,000) are derived from China National Petroleum Corporation ("CNPC") and its related entities. The revenue is attributable to drilling, well completion and reservoir segments.

(b) Segment information

The segment information for the years ended 31 December 2024 and 2023 are as follows:

	Drilling *RMB'000*	**Well completion** *RMB'000*	**Reservoir** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2024					
Revenue from external customers	**462,521**	**280,837**	**816,843**	**133,918**	**1,694,119**
Time of revenue recognition					
– At a point in time	**11,542**	**152,568**	**71,379**	**133,918**	**369,407**
– Over time	**450,979**	**128,269**	**745,464**	**–**	**1,324,712**
EBITDA	**(34,705)**	**5,800**	**15,122**	**2,946**	**(10,837)**

	Drilling *RMB'000*	Well completion *RMB'000*	Reservoir *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2023					
Revenue from external customers	513,406	477,844	784,169	171,825	1,947,244
Time of revenue recognition					
– At a point in time	14,065	303,075	61,841	171,825	550,806
– Over time	499,341	174,769	722,328	–	1,396,438
EBITDA	75,731	73,053	110,518	9,993	269,295

Notes:

(a) During the year ended 31 December 2024, impairment loss of property, plant and equipment and right-of-assets of RMB13,503,000 and RMB1,516,000, arising from drilling business, have been recognised in profit or loss, respectively.

(b) Disclosure of liabilities has not been included in segment information because the liabilities balances of the Group are not allocated to segments.

The segment information on total assets as at 31 December 2024 are as follows:

	Drilling *RMB'000*	**Well completion** *RMB'000*	**Reservoir** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
As at 31 December 2024					
Segment assets	**476,042**	**693,473**	**463,922**	**50,080**	**1,683,517**
Unallocated assets					**825,148**
Total assets					**2,508,665**
Additions to non-current assets (other than financial assets and deferred income tax assets)	**6,060**	**9,893**	**2,561**	**4,845**	**23,359**

The segment information on total assets as at 31 December 2023 are as follows:

	Drilling RMB'000	Well completion RMB'000	Reservoir RMB'000	Others RMB'000	Total RMB'000
As at 31 December 2023					
Segment assets	728,478	847,157	620,340	48,682	2,244,657
Unallocated assets					666,550
Total assets					2,911,207
Additions to non-current assets (other than financial assets and deferred income tax assets)	15,646	8,858	10,943	49,330	84,777

A reconciliation of EBITDA to (loss)/profit before income tax is provided as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
EBITDA for reportable segments	**(10,837)**	269,295
Unallocated expenses		
– Share-based payments	**(6,871)**	(8,257)
– Other gains, net	**1,669**	12,297
– Unallocated overhead expenses	**(144,094)**	(149,465)
	(149,296)	(145,425)
	(160,133)	123,870
Depreciation and amortisation	**(55,239)**	(71,174)
Finance costs *(Note 9)*	**(33,002)**	(31,948)
Finance income *(Note 9)*	**1,797**	802
(Loss)/profit before income tax	**(246,577)**	21,550

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Segment assets for reportable segments	**1,683,517**	2,244,657
Unallocated assets		
– Deferred income tax assets	**106,327**	115,399
– Unallocated inventories	**70,400**	48,032
– Unallocated prepayment and other receivables	**208,253**	168,086
– Restricted bank deposits	**36,165**	22,410
– Cash and cash equivalents	**389,230**	303,180
– Financial assets at fair value through other comprehensive income	**10,368**	7,287
– Investments in an associate and a joint venture	**4,405**	2,156
	825,148	666,550
Total assets	**2,508,665**	2,911,207

(c) Geographical segment

The following table shows revenue by geographical segment which is based on where the customer is located.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC	**1,044,354**	1,079,027
Kazakhstan	**330,735**	413,824
Turkmenistan	**93,721**	158,878
Indonesia	**57,361**	96,505
Middle East	**117,583**	70,570
Canada	**48,501**	57,726
Others	**1,864**	70,714
	1,694,119	1,947,244

The following table shows the non-current assets other than investments in an associate and a joint venture, deferred income tax assets and financial assets at fair value through other comprehensive income by geographical segment according to the country of domicile of the respective entities in the Group:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC	**211,247**	301,510
Indonesia	**82,767**	82,277
Singapore	**30,538**	43,036
Kazakhstan	**24,446**	34,856
Middle East	**27,905**	34,441
Turkmenistan	**60,635**	10,005
Canada	**3,291**	4,296
Others	**17,330**	16,591
	458,159	527,012

(d) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contract assets	**40,380**	22,979
Less: impairment loss	**(6,068)**	(1,013)
Total contract assets	**34,312**	21,966
Contract liabilities	**58,188**	44,190

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year		
– Drilling	**–**	4,223
– Well completion	**–**	418
– Reservoir	**411**	542
– Other	**27,217**	32,055
Total	**27,628**	37,238

(ii) Unsatisfied long-term service contracts

The following table shows unsatisfied performance obligations resulting from fixed price long-term service contracts:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within one year	**755,548**	701,234
More than one year but not more than two years	**372,068**	399,168
More than two years	**325,126**	241,842
Total	**1,452,742**	1,342,244

4. TRADE AND NOTE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**821,059**	1,131,211
Less: impairment loss	**(169,489)**	(174,257)
Trade receivables, net	**651,570**	956,954
Notes receivable	**706**	59,518
Less: impairment loss	**(6)**	(70)
Notes receivable, net	**700**	59,448
	652,270	1,016,402

Notes

(a) The ageing analysis of the trade and note receivables based on invoice date were as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 6 months	**584,939**	761,148
6 months – 1 year	**20,619**	93,490
1 – 2 years	**29,335**	56,605
2 – 3 years	**14,232**	81,260
Over 3 years	**172,640**	198,226
Trade and note receivables, gross	**821,765**	1,190,729
Less: impairment loss	**(169,495)**	(174,327)
Trade and note receivables, net	**652,270**	1,016,402

(b) Certain trade and note receivables have been pledged for the Group's bank borrowings.

5. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current		
Advances to suppliers	**81,957**	89,171
Prepayment for taxes	**107,927**	63,059
Less: provision	**(3,526)**	(3,576)
Total non-financial assets	**186,358**	148,654
Deposits and other receivables	**57,103**	56,543
Receivable from sales of property, plant and equipment	**37,752**	38,053
Loan to a joint venture *(a)*	**12,273**	–
Less: impairment loss	**(5,179)**	(4,438)
Total financial assets	**101,949**	90,158
	288,307	238,812
Non-current		
Deposits and other receivables	**11,898**	11,723
Loan to a joint venture *(a)*	**–**	11,448
Loan to a third party *(b)*	**10,783**	10,624
Less: impairment loss	**–**	(291)
Total financial assets	**22,681**	33,504
Total	**310,988**	272,316

Notes

(a) The loan to a joint venture bears interest at a rate of 8% per annum. The maturity date of the loan was further extended to 30 June 2027 before the reporting date while other terms remained unchange.

(b) The loan to a potential business partner bears no interest and will mature in February 2026.

6. SHARE CAPITAL

	Number of shares *(Thousands)*	**Share capital** *RMB'000*
Authorised:		
Ordinary shares of USD0.0001 each as at 31 December 2023 and 2024	5,000,000	3,219
Issued and fully paid:		
As at 1 January 2023	1,853,776	1,178
Add: new issuance of ordinary shares *(a)*	100,000	69
As at 31 December 2023 and 2024	1,953,776	1,247

(a) On 2 May 2023, 100,000,000 placing shares were allotted and issued at HKD0.25 per share, resulting in approximately RMB69,000 and RMB21,827,000 being recognised as share capital and share premium respectively.

7. TRADE AND NOTE PAYABLES

Ageing analysis of trade and note payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 6 months	**373,975**	562,231
6 months to 1 year	**48,836**	47,066
1 – 2 years	**44,567**	60,353
2 – 3 years	**19,832**	27,962
Over 3 years	**70,175**	79,841
	557,385	777,453

8. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Payroll and welfare payable	**91,270**	109,461
Other tax payables	**31,685**	26,998
Other payables – related parties	**14,872**	14,872
Other payables for purchase of plant and machineries	**2,995**	5,084
Other payables	**48,390**	48,866
	189,212	205,281

9. FINANCE COSTS, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income:		
– Interest income from bank deposits	**1,927**	744
Net foreign exchange (losses)/gains on financing activities	**(130)**	58
Finance income	**1,797**	802
Interest expense:		
– Bank borrowings	**(20,272)**	(22,860)
– Lease liabilities	**(864)**	(1,345)
– Other borrowings	**(6,600)**	(3,534)
Bank charges and others	**(5,266)**	(4,209)
Finance costs	**(33,002)**	(31,948)
Finance costs, net	**(31,205)**	(31,146)

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax *(a)*	**9,245**	12,097
Deferred income tax	**7,763**	675
Income tax expense	**17,008**	12,772

Notes

(a) Current income tax

(i) The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

(ii) PRC enterprise income tax ("**EIT**") is provided on the basis of the profits of the subsidiaries established in PRC for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The statutory income tax is assessed on an individual entity basis, based on their results of operations. For the years ended 31 December 2024 and 2023, certain subsidiaries established in the western area of the PRC were subject to a preferential tax rate of 15% while other subsidiaries established in the PRC are subject to income tax rate of 25%.

(iii) The Group's subsidiaries established in Singapore are subject to Singapore profits tax at a rate of 17% (2023: 17%).

(iv) The corporate income tax rate for subsidiaries established in Kazakhstan is 20%. Income tax is charged on all business income generated in Kazakhstan with relief for tax deductible expenses (2023: 20%).

(v) The corporate income tax rate for subsidiaries established in Canada is 25% (2023: 25%).

(vi) Taxation on profits generated in other locations has been provided at the rate of taxation prevailing in the countries in which those profits arose.

11. DIVIDENDS

The Board did not propose a final dividend for the year ended 31 December 2024 (2023: Nil).

12. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
(Loss)/profit attributable to owners of the Company (RMB'000)	**(256,231)**	16,745
Weighted average number of ordinary shares in issue (thousands)	**1,953,776**	1,923,556
Basic (loss)/earnings per share (RMB per share)	**(0.131)**	0.009

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options.

The share options in issue have not been included in the calculation of the diluted (loss)/earnings per share, as the adjusted exercise prices of those share options are higher than the average annual market price of the Company's shares. Accordingly, these share options had no dilutive effect during the year ended 31 December 2024 and 2023 and the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share during the year ended 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, affected by multiple factors such as sluggish recovery of the global economy, slow oil demand growth, energy transition and intensifying geopolitical tension, international oil prices showed a pattern of initial rise followed by decline, and the overall average price slightly declined over 2023. In terms of industry investment, as stated in "Domestic and Foreign Oil and Gas Industry Development Report 2024" by CNPC Economics & Technology Research Institute, the global investment in oil and gas exploration and development amounted to USD553.8 billion in 2024 with a year-over-year decrease of 2.5%, which was the first decline in four years. On the one hand, safeguarding the national energy security remains a top priority in the PRC market. Under the promotion of the "Seven-Year Action Plan", national oil companies have resolutely intensified oil and gas exploration and development, focusing on key domains such as deep formations, deep-water and ultra-deep strata. The potential for oil and gas development has continued to expand, technological support capabilities have been further strengthened, and significant results have been achieved in increasing reserves and production. On the other hand, with the further implementation of the dual carbon policy, the energy industry is undergoing a pivotal transformation. The technological innovation and intensifying competition within the oil and gas industry have posed increasing pressure and challenges for the development of oilfield service enterprises. During the Reporting Year, the Group actively adjusted business layout, expanded market channels and optimized internal management to actively respond to challenges, so as to ensure the Group's stable operations.

During the Reporting Year, the Group witnessed a significant year-on-year reduction in workload due to the impact of extreme weather in Kazakhstan. Meanwhile, as a result of the continuous cost reduction and efficiency improvement programs for certain customers of the Group, undercapitalization and increasing competition resulting from market misdeeds, there was a lower revenue and profitability of the Group for the year. The oil project of the Group in Indonesia is under pre-exploration and cannot generate revenue from the expenditures for the year. Additionally, the Group made a provision for impairment of certain assets accordingly. During the Reporting Year, due to the combined impacts of the aforesaid factors, the Group recorded revenue of RMB1,694.1 million, representing a decrease of RMB253.1 million, or 13.0% as compared to the previous year, and recorded losses of RMB263.6 million for the Reporting Year, as compared with a profit of RMB8.8 million for the previous year. The Group made continuous efforts to deepen resources integration, to optimize business layout, to build a solid foundation for business development and to focus on the balance development of the Group's three strategic business segments in 2024. For the oil field technical services, our main business, under the complex and evolving market conditions, the Group has expanded emerging markets actively while maintaining the market share in the traditional market and has achieved steady business expansion by capitalizing on technology innovation and upgrading our services. The Group has made full use of the market opportunity and increased investment in new energy with growing global demand for clean energy. The new energy business has made phased progress, laying a solid foundation for further expansion. Regarding oil and gas exploration, the exploration and development project of the oilfield in Indonesia has made smooth progress. A third party institution has completed the preliminary evaluation of its reserves, which has provided guidance for subsequent exploration. Meanwhile, the Group upheld prudent financial policies, adhered to the asset-light operating model, and strengthened the strategy of strengthening the full-process cash flow management throughout 2024, fully demonstrating the Group's risk resistance capabilities, operational flexibility and sustainable development capabilities under the complex economic environment.

REVENUE ANALYSIS

During the Reporting Year, the Group recorded revenue of RMB1,694.1 million, representing a decrease of RMB253.1 million or 13.0% as compared to previous year. The analysis on the revenue of the Group by business segment is as follows:

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Revenue			
Reservoir	**816,843**	784,169	4.2%
Drilling	**462,521**	513,406	(9.9%)
Well completion	**280,837**	477,844	(41.2%)
Other	**133,918**	171,825	(22.1%)
Total	**1,694,119**	1,947,244	(13.0%)

During the Reporting Year, revenue from reservoir segment accounted for 48.2% of the total revenue, representing an increase of RMB32.7 million or 4.2% as compared to previous year. Revenue from drilling segment accounted for 27.3% of the total revenue, representing a decrease of RMB50.9 million or 9.9% as compared to previous year. Revenue from well completion segment accounted for 16.6% of the total revenue, representing a decrease of RMB197.0 million or 41.2% as compared to previous year. Revenue from other segments accounted for 7.9% of the total revenue, representing a decrease of RMB37.9 million or 22.1% as compared to previous year.

RESERVOIR SERVICE SEGMENT

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Revenue from reservoir services			
Overseas	**272,986**	301,238	(9.4%)
PRC	**543,857**	482,931	12.6%
Total	**816,843**	784,169	4.2%

The reservoir service segment of the Group provides geology research and oil reservoir research services, dynamic monitoring service, oil testing service, oil recovery technology service, coiled tubing service and repair service of surface production devices, etc.

During the Reporting Year, the Group's reservoir segment has made steady progress and recorded revenue of RMB816.8 million, representing an increase of RMB32.7 million or 4.2% as compared to previous year. In particular, reservoir segment in China recorded revenue of RMB543.9 million, representing an increase of RMB60.9 million or 12.6% as compared to previous year, and accounted for 66.6% of the total revenue from reservoir segment, which was mainly due to the increase in the workload of station operation and maintenance and repair service in oilfields in China. Overseas reservoir segment recorded revenue of RMB273.0 million, representing a decrease of RMB28.2 million or 9.4% as compared to previous year, and accounted for 33.4% of the total revenue from reservoir segment. The decrease in revenue from overseas reservoirs was mainly due to the significant decrease in businesses affected by extreme weather in Kazakhstan.

DRILLING SERVICE SEGMENT

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Revenue from drilling services			
Overseas	**271,221**	263,972	2.7%
PRC	**191,300**	249,434	(23.3%)
Total	**462,521**	513,406	(9.9%)

The drilling services of the Group include drilling rig service, workover rig service, complex well workover and fishing service, rotary geosteering technology service, vertical drilling technology service, horizontal drilling technology service, side tracking technology service, underbalanced drilling technology service, fine managed pressure drilling technology service, cementing services and drilling fluid services, etc.

During the Reporting Year, the Group's drilling service segment recorded revenue of RMB462.5 million, representing a decrease of RMB50.9 million or 9.9% as compared to previous year. In particular, drilling segment in China recorded revenue of RMB191.3 million, representing a decrease of RMB58.1 million or 23.3% as compared to previous year, and accounted for 41.4% of the total revenue from drilling segment. The decrease in revenue from the drilling segment in China was primarily attributable to a year-on-year decline in the onshore drilling business in the PRC as customers scaled back investments. Overseas drilling segment recorded revenue of RMB271.2 million, representing an increase of RMB7.2 million or 2.7% as compared to previous year, and accounted for 58.6% of the total revenue from drilling segment.

WELL COMPLETION SERVICE SEGMENT

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Revenue from well completion services			
Overseas	**105,557**	241,134	(56.2%)
PRC	**175,280**	236,710	(26.0%)
Total	**280,837**	477,844	(41.2%)

The Group provides comprehensive well completion tools, products and services to customers, including well completion project design, well completion tools service as well as stimulation and fracturing service.

During the Reporting Year, well completion service segment recorded revenue of RMB280.8 million, representing a decrease of RMB197.0 million or 41.2% as compared to previous year. In particular, well completion segment in China recorded revenue of RMB175.3 million, representing a decrease of RMB61.4 million or 26.0% as compared to previous year, and accounted for 62.4% of the total revenue from well completion segment. The decrease was mainly due to the decrease in the volume of well completion tools trading operation. Overseas well completion segment recorded revenue of RMB105.6 million, representing a decrease of RMB135.5 million or 56.2% as compared to previous year, and accounted for 37.6% of the total revenue from well completion segment. The decrease was mainly due to the decrease in the volume of well completion tools operation from Indonesia and Turkmenistan, as well as the decrease in the volume of fracturing stimulation operation in Kazakhstan region affected by extreme weather.

OTHER SEGMENT

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Revenue from other services			
Overseas	**–**	61,873	(100.0%)
PRC	**133,918**	109,952	21.8%
Total	**133,918**	171,825	(22.1%)

Currently, revenue from other segment of the Group mainly includes revenue generated from sales of natural gas and the related service provided.

During the Reporting Year, the Group's other segment recorded revenue of RMB133.9 million, representing a decrease of RMB37.9 million or 22.1% as compared to previous year. Revenue from the PRC market was RMB133.9 million, representing an increase of RMB24.0 million or 21.8% as compared to the same period previous year, mainly attributable to the increase in natural gas sales business in Xinjiang. The decrease in revenue from other segment in overseas was mainly due to the sales business of edible alcohol project in the Ghana, Africa had been transferred to a joint venture since 22 November 2023 upon the conversion of the subsidiary to a joint venture on that date.

MARKET ENVIRONMENT

During the Reporting Year, the global economy went through tough times but still improved in the face of multiple risks and challenges, leading to sluggish recovery with a global growth of 3.2%. The U.S. economy recovered well but was still confronted with high inflation and debt pressure. Due to the significant impact of geopolitical conflicts, the European economy maintained a low rate of growth. China continued to be the important engine for the global economy as its contribution to global economy growth remained high. In terms of energy market, the global energy sector experienced unprecedented changes and challenges in 2024. Geopolitical conflicts significantly affected energy supply and demand, so that energy security concerns have been set to a new high level. Meanwhile, the renewable energy sector showed strong momentum as the green economy and low-carbon transition continued to advance. Energy systems decarbonization and the transition to net-zero emissions remained the focus of the global energy industry in 2024. The keynote of the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC) is to call on countries to reduce greenhouse gas emissions, cope with global climate change and to jointly promote the sustainable development of mankind. In contrast, the traditional energy market was faced with fluctuations, with international oil prices fluctuating in a range, and the fluctuations of natural gas prices was due to the economic situation and geopolitical impacts. The Organization of the Petroleum Exporting Countries ("**OPEC+**") has maintained oil prices by deepening and extending its production cuts program, leading to supply and demand being basically in equilibrium. International oilfield service companies have increased investment in R&D of featured technologies to meet the needs of reducing carbon emissions in the exploration and development process. Overall, in an environment with slower growth of macro-economy and increasing market uncertainties, the oil companies placed greater focus on quality and efficiency of exploration and development. Oilfield service companies should not only focus on cost control and efficiency improvement, but also accelerate the upgrade of technology based on customers' demand, actively deploying emerging businesses and markets to cope with market competition and technological challenges.

OVERSEAS MARKETS

The Group's overseas operations are mainly located in Kazakhstan and Turkmenistan in Central Asia, Indonesia and Singapore in Southeast Asia, Canada in North America, and the Middle East. In 2024, amidst global economic recovery and shifts of the energy landscape, the oil and gas industry has shown new development trajectories. The traditional oil and gas market still dominates global energy supply, however, the lackluster demand for oil and gas and escalation of global climate change challenges have rendered the demand for the development of green and renewable energy sources increasingly urgent. Governments worldwide have amplified efforts to promote the green transformation of energy sources. Technological innovation and diversified development have become important strategies to enhance competitiveness.

In the context of profound adjustments in the global energy landscape and the continued advancement of the “Belt and Road” initiative, the Group has navigated through challenges in the Reporting Year. On the one hand, the Group has maintained the business size of established stronghold regions, such as Kazakhstan, and explored a new method of further expansion and growth. On the other hand, as for overseas markets with development potential, including the Middle East, Southeast Asia, Turkmenistan and other regions, the Group has increased investment in resources for market and technology, and strived to push its regional business size to a new level. In 2024, energy cooperation between China and Kazakhstan reached new heights. CNPC and the Ministry of Energy of Kazakhstan signed the Framework Agreement on Deepening Strategic Cooperation on Energy Projects, covering areas such as oil and gas exploration and development, integration of new energy, and cross-border pipeline interconnectivity, further expanding the scale of China-Central Asia energy cooperation. Additionally, “Three Oil Giants”, namely China National Petroleum Corporation (中國石油天然氣集團有限公司), China Petrochemical Corporation (中國石油化工集團有限公司) and China National Offshore Oil Corporation (中國海洋石油集團有限公司), has seen smooth business expansion in countries along the “Belt and Road”, driving the implementation of multiple major energy projects. These collaborations provide broad space for the Group’s overseas business expansion. Despite suffering a rare flood damage and the workload of that year being greatly affected, the Kazakhstan region actively adjusted its market strategy in line with the market situation. On the one hand, it fully promoted the implementation rate of projects whose contracts have been signed and which can offer superior costs and technologic competitiveness to ensure the sustainable development of projects. On the other hand, it keenly seized the spillover opportunities arising from the domestic resources (technology, equipment, business model), strengthened the ability to build and integrate internal and external resources, and vigorously promoted the comprehensive and integrated project for increasing oilfield production to inject new energy into the steady development of the region in the future. In terms of market potential, the Middle East region successfully won the bid for an oilfield logging service contract in Iraq, which further extended the Group’s business field in Iraq. Meanwhile, we won the bid for the third-party drilling service contract of independent drilling rig in Indonesia, which significantly enhanced the Group’s integrated service capability in Indonesia. The Turkmenistan region of the Group has focused on the huge market potential of oilfield production increase, prepared technology and resources in advance, and purchased a new coiled tubing equipment in early 2025 to prepare for the large-scale production increase service in the region in the future. In terms of R&D and manufacturing, the Singapore Global R&D center successfully obtained the fourth edition of the API certification, achieving the latest and highest design verification level, which marked a new breakthrough for the Group in terms of technological innovation, production process and product quality in the field of downhole completion tools. In 2024, the Group ushered in the 20th year of strategic partnership with Halliburton Company. During the period of strategic cooperation, the close collaboration of both sides has greatly improved the drilling and completion speed and success rate for customers. From the operation of deep and ultra-deep well, to the operation of directional well and horizontal well under complex stratum conditions, the partnership has delivered remarkable achievements in the industry. On the occasion of the 20th anniversary of the cooperation between the Group and Halliburton Company, both parties will deepen trust, overcome difficulties, and seek more market breakthrough opportunities by strengthening technical exchanges and business cooperation.

DOMESTIC MARKET

During the Reporting Year, China's oil and gas and new energy sectors closely focused on the key themes of "stabilizing oil and increasing gas, green development, technological empowerment, and management upgrades". Exploration and development, quality improvement and efficiency enhancement, and risk prevention and control have achieved remarkable results in high-quality development. In 2024, China added approximately 1.5 billion tons of proven oil geological reserves and nearly 1.6 trillion cubic meters of proven natural gas geological reserves. China's oil and gas production equivalent surpassed 412 million tons for the first time, marking the eighth consecutive year of an increase exceeding 10 million tons of oil equivalent. At the work promotion meeting held in July, the National Energy Administration (the "NEA") explicitly required focusing on key basins such as Ordos and Tarim, increasing investment in exploration and development, and strengthening technological research in fields such as 10,000-meter-deep onshore and 1,000-meter-deep offshore. In terms of green transition, the oil and gas industry has accelerated the industrialization of "carbon capture, utilization and storage" ("**CCUS**") to help achieve the "dual carbon" goals. According to the NEA, the annual sequestration capacity of CCUS in the oil and gas industry exceeded 15 million tons in 2024, providing strong support for the achieving of the "dual carbon" goals. Although the industry as a whole achieved significant development results, oilfield service enterprises are facing double pressure. On the one hand, oil companies have driven cost reduction and efficiency improvement through technological innovation and management optimization, resulting in intensified industry competition and continued pressure on technical service prices. On the other hand, a shift in industry landscape driven by new energy transition has a more profound impact on China's oil and gas market and requires oilfield service enterprises to attach more importance to the industry landscape and trends and developments in technological development. The Group actively faced challenges, and constantly carried out technological innovation and overcame difficulties to ensure the stable market share of advantageous business. At the same time, we proactively explored new customers and markets. During the Period, in the Xinjiang market, the Group won a bid for a master contract for slurry of a new customer. The drilling technology rotary steering tool and integrated Measurement While Drilling ("**MWD**") is expected to achieve a largescale production value through the "Four New Technology Evaluation" of the Tarim Oilfield. The well repair business made breakthroughs in the short radius lateral drilling operation of Northwest Bureau market. The well completion business continued to take the lead in the regional market, with record-breaking performance in operating depth, temperature and difficulty, and successfully applied a new output technology for multi-stage fracturing of horizontal wells in high temperatures and high pressure. Companies in Xinjiang region actively fostered personnel and updated equipment, and participated in the testing of "scientific exploration wells" and operation of well completion tools, fully demonstrating our outstanding strength in oil reservoir and well completion business. During the Reporting Year, Xinjiang SPT Engineering Service Co., Ltd (新疆華油能源工程服務有限公司) and Petrotech (Xinjiang) Engineering Co., Ltd (新疆華油油氣工程有限公司) were recognized as 2024 "Specialized, Refined, Distinctive, and Innovative" Enterprises. This is another significant certification following their designations as "International High-Tech Enterprise" and "Innovative Small and Medium-sized Enterprise", which further strengthen the soft power of the Company and contribute to comprehensively driving the market expansion and long-term development of the Company.

During the Reporting Year, the Group's business in the Sichuan and Chongqing markets remained stable with an upward trend. Oil reservoir business successfully signed a contract with PetroChina Southwest Oil & Gasfield Company for the 2024-2025 natural gas well wireline testing operation service. Meanwhile, we also successfully won the bid for business contracts such as well completion packers, downhole safety valves and chemical injection valves in PetroChina Southwest Oil & Gasfield Company in 2024, ensuring the stable development of our subsequent well completion projects in the Sichuan and Chongqing markets. In terms of new energy projects, the Group is currently actively following up on and participating in a number of CCUS projects. In particular, the million-ton CCUS exploration site selection and well drilling construction services project of a coal-to-liquid company passed the acceptance inspection by a customer on 31 December 2024; the 2D seismic geophysical acquisition, collection, processing and interpretation of the CCUS project conducted by a chemical group has been completed, and well locations are being selected. Plans are in place to start temporary drilling operations in the first half of 2025. Other CCUS projects under follow-up are advancing steadily.

RESEARCH AND DEVELOPMENT ("R&D") AND MANUFACTURING

The Group continues to adhere to the "technology-driven" development strategy. In addition to technological innovation and R&D, the Group also put value on the integration, upgrade and breakthrough in terms of existing technologies to promote the development of the Group's market and various businesses with the help of technological upgrading, thereby adapting to industry changes and development.

In terms of reservoir services, the reservoir dynamic monitoring technology of ultra-deep, ultra-high temperature, and ultra-high pressure wells ("**Three-Ultra Wells**") has become the Group's advantageous technology. During the year, the Group successfully completed a well test for a 10,000-meter well and obtained qualified temperature and pressure data, marking that downhole dynamic monitoring in 10,000-metre deep wells, together with the corresponding surface support processes, has now achieved operational capability.

In terms of drilling services, the Group's Turkmenistan project team, based on regional geology and wellbore conditions, optimally designed a 286mm screw + customized high-efficiency polycrystalline diamond compact sheet ("**PDC**") bit combination for the second-stage drilling in a gas field in Turkmenistan. This design increased the mechanical drilling speed by 2.81 times compared to neighboring wells with similar structures, setting a new drilling record for the region. The speed enhancement was significant and received recognition from the proprietor.

In terms of well completion services, in 2024, leveraging the Group's technical advantages in Three-Ultra Wells completion operations, the Group successfully completed the well completion operation of an ultra-deep, high-temperature, high-pressure exploration well. This well set domestic records for formation pressure and wellhead flow pressure. To address the issue of limited internal diameter of well completion tubing in Three-Ultra Wells using mechanical zonal and staged well completion technology, the Group has developed a full-bore dissolvable sliding sleeve, which has passed client's technical evaluations and reviews and is set for on-site deployment in 2025. This technology will drive progress and development in well completion technology, further enhancing the Group's expertise in this area. High-end well completion tools independently developed by the Group won the bid for a high-temperature, high-pressure oil and gas field project, marking a further breakthrough in the Group's well-completion manufacturing business for high-temperature, high-pressure and complex-formation markets. Additionally, to meet market demand and enhance industry competitiveness, the Group has established a well completion tool R&D and manufacturing plant in Tianjin, which will further reduce tool manufacturing costs and enhance the Group's integrated capabilities in R&D, manufacturing, and technical services for well completion.

In terms of well workover services, the Group achieved another milestone in complex treatment for well workover. In August 2024, in a certain region, the Group's technical team successfully overcame a series of challenges in complex treatment involving small wellbore, such as downhole debris jams, perforating pipe string jams, and gunhead connector follow-up rotation, under formation pressures exceeding 170 MPa and temperatures over 170°C, and efficiently completed the complex small-diameter well treatment and wellbore cleanout for a key exploration well, laying a solid foundation for the subsequent well testing and well completion operations. This successful operation not only highlighted the Group's strength in complex workover treatment but also earned high praise and recognition from the client for its outstanding technical expertise. The ultra-deep small-wellbore complex treatment technology has become an advantageous and unique technology of the Group, and will provide more advanced, efficient, and reliable technology for handling complex well conditions in the oil exploration and development field, helping the industry steadily advance towards exploration and development goals in deeper and more complex formations.

In terms of new areas, the Group has undertaken the general contracting project for a certain block's CCUS project, responsible for plan design, well construction operations, production testing, and carbon dioxide reinjection services. The well construction has been completed, and the project will further advance the Group's technological diversification.

The Group expands its footprint in traditional oilfield services vigorously. Leveraging keen insights into cutting-edge technologies, it actively promotes the integration and upgrading of technologies, continually expands and optimizes various technological supply chains, and builds a more comprehensive technological system. Adhering to the "technology-driven" philosophy, the Group drives its growth with advanced technologies and continuously extends its service boundaries, providing clients with high-quality services across multiple levels and sectors.

HUMAN RESOURCES

The Group will continue to focus on our human resources efforts around our strategic landscape in 2024. The details are as follows:

I. The Group has proactively pushed forward deep integration of human resources strategy and operational plan. High-efficient operation is driven by quantitative assessment criteria recording, adjustments to business units, adaptation for business development and development of dynamic management models.

II. The Group has upheld the philosophy of diverse talent development, thoroughly examined all talents with career progression tracks and had a good grasp of existing talent pool and potential needs. Optimized allocation of human resources has been realized by innovative talent competitions, accelerating training for talents and improved employment and promotion systems.

III. The Group has actively explored and implemented a series of innovative and efficient incentive strategies. In terms of leading teams, reforms in younger management and business teams have been promoted. Vitality and innovative ideas are injected into the teams through scientific election process and systemic approach to training. Meanwhile, the Group makes efforts to enhance job rotation, encouraging employees to take part in rotation so that comprehensive business capability is increased, and the development of business units is efficiently promoted.

IV. The Group has continuously optimized global human resources business processes, heightened the awareness of risk control, and established an all-round risk alert and response system to safeguard the Group's stable development.

V. In terms of training development, targeted cultivation and on-the-job training for core management of major regions and projects act as 2024's focus, which is to develop and improve the potential strength of the management, and the Group continues to pay attention to core management's comprehensive capability enhancement through online training course, offline sandbox management, one-on-one and on-the-job training and etc.; a variety of online training programs, including those for new employee, management and security will be accomplished by taking advantage of the online learning platform; international talent system will be developed and intensive training for offshore personnel's business knowledge, operational capability and managerial capability will be provided by individualised pre-employment training and cross-regional cultural management training and etc. In 2024, there were 716 training sessions in total, including online and offline trainings, with 13,982 people and 100,917 training hours cumulatively. The training courses include technology, security, production, management and new employees and so on.

As at 31 December 2024, the Group had a total of 3,805 employees, representing a decrease of 394 employees from 4,199 employees as at 31 December 2023.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, revenue of the Group was RMB1,694.1 million, representing a year-on-year decrease of RMB253.1 million, or 13.0%, as compared with that of RMB1,947.2 million for the previous year. The decrease was mainly due to the decrease in overseas workload caused by the impact of extreme weather, investment curtailment by clients in certain markets and a decrease in revenue as a result of the transfer from a subsidiary to a joint venture for the previous year.

Other gains, net

For the year ended 31 December 2024, other gains, net of the Group were RMB1.7 million, as compared with other gains, net of RMB12.3 million for the previous year. The change was mainly due to the fluctuations in foreign exchange rates and the gain realized upon the transfer of a subsidiary to a joint venture for the previous year.

Material costs

For the year ended 31 December 2024, material costs of the Group were RMB502.0 million, representing a year-on-year decrease of RMB47.2 million, or 8.6%, as compared with that of RMB549.2 million for the previous year. The decrease was mainly due to the decrease in revenue.

Employee benefit expenses

For the year ended 31 December 2024, employee salary expenses of the Group were RMB641.5 million, representing a year-on-year increase of RMB14.3 million, or 2.3%, as compared with that of RMB627.2 million for the previous year.

Short-term and low-value lease expenses

For the year ended 31 December 2024, short-term and low-value lease expenses of the Group were RMB133.7 million, representing a year-on-year increase of RMB9.7 million, or 7.8%, from RMB124.0 million for the previous year.

Transportation costs

For the year ended 31 December 2024, transportation costs of the Group were RMB29.4 million, representing a year-on-year decrease of RMB4.4 million, or 13.0%, as compared with that of RMB33.8 million for the previous year. The decrease was mainly due to the decrease in revenue.

Depreciation and amortisation

For the year ended 31 December 2024, depreciation and amortisation of the Group was RMB55.2 million, representing a year-on-year decrease of RMB16.0 million, or 22.5%, as compared with that of RMB71.2 million for the previous year. The decrease was mainly due to certain fixed assets becoming fully depreciated.

Technical service expenses

For the year ended 31 December 2024, technical service expenses of the Group were RMB253.2 million, representing a year-on-year decrease of RMB12.0 million, or 4.5%, as compared with that of RMB265.2 million for the previous year. The decrease was mainly due to the decrease in revenue.

Impairment losses of assets

For the year ended 31 December 2024, impairment losses of assets of the Group were RMB81.7 million, while the impairment losses of assets of the Group were RMB51.6 million for the previous year, representing a year-on-year increase of RMB30.1 million, or 58.3%. The increase was mainly due to the increase in the impairment loss of trade receivables, impairment loss of property, plant and equipment and write-down of inventories.

Others

For the year ended 31 December 2024, other operating costs of the Group were RMB217.1 million, representing a year-on-year increase of RMB33.8 million, or 18.4%, as compared with that of RMB183.3 million for the previous year.

Operating (loss)/profit

Based on the above reasons, operating loss of the Group during the Reporting Year was RMB218.0 million, compared with operating profit of RMB54.0 million for the previous year.

Finance costs, net

For the year ended 31 December 2024, finance costs, net of the Group were RMB31.2 million, representing a year-on-year increase of RMB0.1 million, or 0.3%, as compared with that of RMB31.1 million for the previous year.

Investment income from an associate and a joint venture under the equity method

For the year ended 31 December 2024, investment income from an associate and a joint venture under the equity method of the Group was RMB2.6 million.

Income tax expense

For the year ended 31 December 2024, income tax expense was RMB17.0 million, compared with the income tax expense of RMB12.8 million for the previous year.

(Loss)/profit for the year

As a result of the explanations above, loss of the Group for the Reporting Year was RMB263.6 million, compared with profit of RMB8.8 million for the previous year.

(Loss)/profit attributable to equity holders of the Company

For the year ended 31 December 2024, loss attributable to equity holders of the Company was RMB256.2 million, compared with the profit attributable to equity holders of the Company of RMB16.7 million for the previous year.

Property, plant and equipment

As at 31 December 2024, the property, plant and equipment was RMB359.9 million, representing a decrease of RMB47.1 million, or 11.6%, from RMB407.0 million as at 31 December 2023. The decrease was mainly due to the depreciation and impairment of property, plant and equipment.

Right-of-use assets

As at 31 December 2024, the carrying value of right-of-use assets amounted to RMB46.2 million, representing a decrease of RMB9.6 million, or 17.2%, from RMB55.8 million as at 31 December 2023. The decrease was mainly due to the amortisation of the right-of-use assets.

Intangible assets

As at 31 December 2024, intangible assets were RMB13.3 million, representing a decrease of RMB1.3 million, or 8.9%, as compared with that of RMB14.6 million as at 31 December 2023. The decrease was mainly due to the amortisation of intangible assets.

Deferred income tax assets

As at 31 December 2024, deferred income tax assets were RMB106.3 million, representing a decrease of RMB9.1 million, or 7.9%, from RMB115.4 million as at 31 December 2023.

Prepayments and other receivables

As at 31 December 2024, non-current portion of prepayments and other receivables was RMB22.7 million, compared with that of RMB33.5 million as at 31 December 2023. As at 31 December 2024, current portion of prepayments and other receivables was RMB288.3 million, as compared with that of RMB238.8 million as at 31 December 2023.

Inventories

As at 31 December 2024, inventories were RMB529.1 million, representing a decrease of RMB127.5 million, or 19.4%, from RMB656.6 million as at 31 December 2023. The decrease was mainly due to the consumption of inventories.

Contract assets, trade and note receivables/contract liabilities, trade and note payables

As at 31 December 2024, contract assets, trade and note receivables were RMB686.6 million, representing a decrease of RMB351.8 million, or 33.9%, from RMB1,038.4 million as at 31 December 2023. The decrease was mainly due to more timely collection of trade receivables and increase in provision for impairment loss during the Reporting Year. As at 31 December 2024, contract liabilities, trade and note payables amounted to RMB615.6 million, representing a decrease of RMB206.0 million, or 25.1%, from RMB821.6 million as at 31 December 2023. The decrease was mainly due to the more timely payment to suppliers.

Liquidity and capital resources

As at 31 December 2024, cash and bank deposits of the Group, comprising cash and cash equivalents and restricted bank deposits, were RMB425.4 million, representing an increase of RMB99.8 million, or 30.7%, from RMB325.6 million as at 31 December 2023.

As at 31 December 2024, short-term borrowings and current portion of long-term borrowings of the Group were RMB571.3 million while long-term borrowings were RMB55.1 million. As at 31 December 2023, short-term borrowings and current portion of long-term borrowings of the Group were RMB416.2 million while long-term borrowings were RMB77.2 million. As at 31 December 2024, bank borrowings of the Group were mainly denominated in RMB and such borrowings were generally subject to a fixed interest rate.

As at 31 December 2024, current lease liabilities of the Group amounted to RMB5.7 million and non-current lease liabilities amounted to RMB7.9 million. As at 31 December 2023, current lease liabilities of the Group amounted to RMB10.9 million and non-current lease liabilities amounted to RMB13.3 million.

As at 31 December 2024, gearing ratio of the Group was 63.8%, representing an increase of 23.5% as compared with 40.3% as at 31 December 2023. Gearing ratio was calculated as interest-bearing liabilities and lease liabilities divided by total equity.

Capital structure

The capital of the Company comprises only ordinary shares. As at 31 December 2024, the total number of ordinary shares of the Company in issue was 1,953,775,999 shares (31 December 2023: 1,953,775,999 shares). As at 31 December 2024, equity attributable to the equity holders of the Company was RMB1,022.3 million, representing a decrease of RMB277.8 million, or 21.4%, as compared with RMB1,300.1 million as at 31 December 2023.

Significant investment held

As at 31 December 2024, the Group did not hold any significant investment.

Acquisitions and disposals of subsidiaries and associates

The Company had no material acquisitions and disposals of subsidiaries and associates during the Reporting Year.

Assets pledged to secure bank borrowings

As at 31 December 2024, the Group pledged parts of its right-of-use assets and trade and note receivables to secure the bank borrowings of the Group. The carrying values of assets pledged are as follows:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Right-of-use assets	**1,966**	2,852
Trade and note receivables	**167,500**	56,400

Assets pledged to secure the loans from a third party institution

Loans from a third party financial institution of the Group are expiring from 2025 to 2027 and are secured by certain machinery with a carrying amount of RMB144,304,000 (2023: RMB182,988,000), and guaranteed by one subsidiary of the Group.

Foreign exchange risk

Fluctuations in exchange rates of Tenge ("**KZT**") and USD have exposed the Group to foreign currency exchange risk. Currently, the Group mainly operates in the PRC, Kazakhstan, Singapore, Canada and Indonesia. Certain sales to and purchases from overseas are mostly denominated in USD. Kazakhstan is the largest overseas market of the Group in terms of revenue contribution. In accordance with certain laws and regulations, local service contracts in Kazakhstan are required to be denominated in KZT. On average, in 2024, the exchange rate of KZT against RMB decreased by 10.8% generally, and the exchange rate of USD against RMB increased by 1.5% generally as compared with last year, but such movement did not have a significant impact on the overall business of the Group.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

After reporting period arrangement

As at 31 December 2024, the Group had no after reporting period arrangements.

Contractual obligations

As at 31 December 2024, the Group had capital expenditure commitments of RMB54.7 million.

OUR PLANS

Entering 2025, the complicated situation in the global crude oil market will continue. Global crude oil inventories remain low, OPEC+ oil-producing countries continue to implement production cut strategies, while expectations of an interest rate cut by the Federal Reserve persist. The conflict between Russia and Ukraine has not yet subsided, and the tension between Palestine and Israel is still severe. Multiple factors have been intertwined, collectively influencing the international oil price trend. In this market environment, oil and gas companies are likely to maintain current capital expenditures while observing subsequent market developments before making further decisions. Looking forward to 2025, based on the Group's strategy and established business objectives, the Group will seize the market opportunities and further advance efforts in the following aspects through comprehensive strategic layout and refined management:

1. In terms of strategic layout, the Group will continue to implement the upgrading strategy of "one main and two auxiliaries". It will remain committed to the main oilfield service business, leveraging and further strengthening its dominant position in the oilfield service industry chain. The Group will emphasis on optimizing cost structure through project selection and changes in business model to strengthen its core capability building. At the same time, the Group will keenly capture market opportunities, deepen its presence and expand in the domestic and overseas markets, and accelerate the process of internationalization. While consolidating its existing market share, the Group will actively explore emerging markets and accurately lay out strategic markets. Against the backdrop of global energy transition, the Group will promote the synergetic development of new energy business and traditional oil and gas business and build a diversified energy business portfolio.

2. The Group will steadfastly uphold the long-term strategy policy of "technology leads enterprise development and innovation drives better future" , further increase investment in projects and technologies, and continue to deepen participation in projects and technologies, positioning technological innovation as the core engine for sustainable development. In its technological innovation practices, the Group not only attaches great importance to breakthroughs and innovations in individual technologies, but also focuses on the process of energy transition, striving to improve the capability to provide oil and gas companies with centralized, integrated and comprehensive energy technology service solutions covering the entire business process.

3. Driven by innovation, the Group continuously innovates corporate management concepts, aiming to achieve a qualitative leap in profitability, risk management and control ability, cost management and control ability and other aspects, thereby consolidating the overall ability construction. The Group comprehensively promotes cost control in all business lines and operational segments, and introduces advanced cost accounting and management methods to reduce unnecessary expenses at the source, while improving operation quality and efficiency to achieve cost reduction and efficiency increase.

4. The Group fully recognizes that talents are the core driving force for corporate development, and will constantly retain talents to empower high-quality corporate development. In alignment with the Group's diversified business layout and organizational performance objectives, it is committed to building an elite team of talents with high overall quality, strong expertise and the capability to run international projects. The Group will continue to build a positive and fair platform for sustainable development, care for employees' well-being, and inspire them to increase their work enthusiasm, showcase their talents, and realize their potential.

5. The Group has always upheld the concept of sustainable development, and will continue to establish a long-term effective environmental, social and governance ("**ESG**") management system, deeply incorporating ESG, climate change responses and sustainable development concepts into the whole process of decision-making and operations. The Group will continuously improve its ESG governance framework, clearly define the division of responsibilities among departments in ESG work, and strengthen synergy and cooperation to consolidate its management foundation. It will actively advance research on climate change-related information disclosures, conduct in-depth assessment of the potential impacts of climate change on the Group's business, and formulate specific response strategies. Through these efforts, a good internal and external environment will be created for the Group's development and the Group's ability of stable growth and sustainable development will be enhanced. In addition, the Group will also actively encourage upstream and downstream partners to jointly fulfill social responsibilities of green and low-carbon development, and guide them to jointly promote the green transformation of the entire industrial chain.

FINAL DIVIDEND

The Board did not propose a final dividend for the year ended 31 December 2024 (2023: nil).

CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 31 March 2025 in relation to the appointment of CCTH CPA Limited ("**CCTH**") as the auditor of the Company to fill the casual vacancy following the resignation of PricewaterhouseCoopers on 31 March 2025. An ordinary resolution will be proposed at the forthcoming annual general meeting of the Company ("**Annual General Meeting**") to ratify, confirm and approve the appointment of CCTH as the auditor of the Company during the period from 31 March 2025 to the date of the Annual General Meeting.

EVENTS AFTER THE REPORTING YEAR

On 24 February 2025, Sinopetroleum Technology Inc.* (北京華油油氣技術開發有限公司), an indirect subsidiary of the Company, entered into a purchase contract with the vendor, Sany Petroleum Intelligent Equipment Co., Ltd.* (三一石油智能裝備有限公司), for the acquisition of the oilfield operation equipment with a total purchase price of RMB19,900,000 (equivalent to approximately HK$21,581,550). The acquisition is part of the capital investment in the oilfield service projects in Turkmenistan, which will enhance the Group's production efficiency and is anticipated to have a positive impact on the performance of the Group's reservoir segment. For details, please refer to the announcement of the Company dated 24 February 2025.

Save as disclosed above and in the announcements of the Company dated 18 March 2025, 24 March 2025, 31 March 2025 and 30 April 2025, respectively, in relation to, among others, the suspension of trading of the shares of the Company and the delay in publication of the annual results and annual report of the Group for the Reporting Year, no other event has taken place subsequent to 31 December 2024 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be reported to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the shareholders of the Company who are entitled to attend the forthcoming Annual General Meeting to be held on 26 August 2025, the register of members of the Company will be closed from 21 August 2025 to 26 August 2025 (both dates inclusive). The record date for determining the entitlement of the shareholders of the Company to attend and vote at the Annual General Meeting will be 26 August 2025. All transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 20 August 2025.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Having made a specific enquiry to all Directors, each of the Directors has confirmed that he/she has complied with such code of conduct during the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules as its own code of corporate governance.

Save as disclosed below, the Company was in compliance with the code provisions set out in the CG Code during the year ended 31 December 2024.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Code Provision C.2.1 of Part 2 of the CG Code, the roles of chairman of the Board and chief executive officer of the Company should be segregated and should not be performed by the same individual. With effect from 26 March 2024, Mr. Ethan Wu has performed both the positions of chairman of the Board and chief executive officer of the Company. The Board believes that as one of the founders of the Company, Mr. Ethan Wu has extensive experience in the industry and business operations. Vesting the roles of both chairman of the Board and chief executive officer in Mr. Ethan Wu has the benefit of ensuring consistent leadership and operation within the Group and enables more effective and efficient overall strategic planning for the Group. The Board and the nomination committee of the Company will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

The Company will continue to review and monitor its corporate governance practices on a regular basis to ensure compliance with the CG Code and maintain high standards of corporate governance practices of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save as otherwise disclosed in this announcement, during the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2024 of the Group with the auditor of the Company.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group’s auditors, CCTH, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2024. The work performed by CCTH in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH on this announcement.

PUBLICATION

The annual results announcement for the year ended 31 December 2024 of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sptenergygroup.com) respectively. The 2024 annual report will be despatched to the shareholders of the Company (if necessary), and published on the respective websites of the Stock Exchange and the Company in due course.

RESUMPTION OF TRADING

Trading in the Company's shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2025. Application has been made by the Company for the resumption of trading in the Company's shares on the Stock Exchange with effect from 9:00 a.m. on 30 June 2025.

By order of the Board
SPT Energy Group Inc.
Mr. Ethan Wu
Chairman

Hong Kong, 27 June 2025

As at the date of this announcement, the executive Directors are Mr. Ethan Wu, Mr. Li Qiang and Mr. Ding Kechen; the non-executive Directors are Mr. Wang Guoqiang, 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 purpose only*