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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2025, the Group's revenue was RMB747.2 million, representing a decrease of RMB22.1 million, or 2.9%, from RMB769.3 million for the same period of the previous year.

The loss attributable to owners of the Company for the six months ended 30 June 2025 was RMB47.9 million, representing a decrease in loss of RMB14.8 million from a loss of RMB62.7 million for the same period of the previous year.

No interim dividend for the six months ended 30 June 2025 was proposed to be paid to the shareholders of the Company by the Board (for the six months ended 30 June 2024: nil).

The board (the "**Board**") of directors (the "**Directors**") of SPT Energy Group Inc. (the "**Company**") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 (the "**Period**"), together with the comparative figures for the same period of the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2025** ***RMB'000*** **Unaudited**	31 December 2024 *RMB'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**351,412**	359,855
Right-of-use assets		**46,126**	46,197
Intangible assets		**12,822**	13,281
Investments in an associate		**1,759**	1,796
Investments in a joint venture		**2,873**	2,609
Deferred income tax assets		**109,197**	106,327
Financial assets at fair value through other comprehensive income		**11,697**	10,368
Other non-current assets		**16,145**	16,145
Prepayments and other receivables	*6*	**12,553**	22,681
		564,584	579,259
Current assets			
Inventories		**566,312**	529,122
Contract assets		**23,762**	34,312
Trade and note receivables	*5*	**567,057**	652,270
Prepayments and other receivables	*6*	**287,802**	288,307
Restricted bank deposits		**32,566**	36,165
Cash and cash equivalents		**231,809**	389,230
		1,709,308	1,929,406
Total assets		**2,273,892**	2,508,665
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	*7*	**1,247**	1,247
Share premium		**869,853**	869,853
Other reserves		**365,848**	362,063
Currency translation differences		**(534,407)**	(533,160)
Retained earnings		**273,852**	322,295
		976,393	1,022,298
Non-controlling interests		**(20,160)**	(19,842)
Total equity		**956,233**	1,002,456

	Notes	30 June 2025 *RMB'000* Unaudited	31 December 2024 *RMB'000* Audited
LIABILITIES			
Non-current liabilities			
Borrowings		**47,957**	55,074
Non-current lease liabilities		**7,759**	7,903
Deferred income tax liabilities		**24,462**	24,655
		80,178	87,632
Current liabilities			
Borrowings		**458,700**	456,000
Current portion of long-term borrowings		**125,823**	115,301
Contract liabilities		**49,257**	58,188
Trade and note payables	*8*	**445,899**	557,385
Accruals and other payables	*9*	**134,040**	189,212
Current income tax liabilities		**17,320**	36,768
Current portion of lease liabilities		**6,442**	5,723
		1,237,481	1,418,577
Total liabilities		**1,317,659**	1,506,209
Total equity and liabilities		**2,273,892**	2,508,665

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
	Notes	**Unaudited**	Unaudited
Revenue	*4*	**747,216**	769,297
Other (losses)/gains, net		**(7,371)**	655
Operating costs			
Material costs		**(200,485)**	(179,864)
Employee benefit expenses		**(285,024)**	(302,719)
Short-term and low-value lease expenses		**(52,778)**	(53,132)
Transportation costs		**(10,706)**	(12,573)
Depreciation and amortisation		**(28,493)**	(26,855)
Technical service expenses		**(88,672)**	(121,741)
Net impairment losses of financial and contract assets		**(5,510)**	(30,925)
Write-down of inventories and provision for prepayments		**(1,836)**	(8,599)
Others		**(89,079)**	(84,995)
		(762,583)	(821,403)
Operating loss		**(22,738)**	(51,451)
Finance income		**2,086**	931
Finance costs		**(19,900)**	(19,301)
Finance costs, net	*10*	**(17,814)**	(18,370)
Share of net profit of an associate and a joint venture accounted for using the equity method		**238**	1,087
Loss before income tax		**(40,314)**	(68,734)
Income tax (expense)/credit	*11*	**(7,782)**	3,713
Loss for the period		**(48,096)**	(65,021)
Loss attributable to:			
Owners of the Company		**(47,935)**	(62,741)
Non-controlling interests		**(161)**	(2,280)
		(48,096)	(65,021)
Loss per share for the profit from attributable to the owners of the Company			
Basic and diluted loss per share	*13*	**RMB(0.025)**	RMB(0.032)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Loss for the period	**(48,096)**	(65,021)
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**1,980**	(12,959)
Items that will not be subsequently reclassified to profit or loss:		
Currency translation differences	**(3,384)**	5,042
Changes in fair value of equity investments at fair value through other comprehensive income	**1,329**	2,091
Total comprehensive loss for the interim period	**(48,171)**	(70,847)
Total comprehensive loss for the period attributable to:		
Owners of the Company	**(47,853)**	(68,677)
Non-controlling interests	**(318)**	(2,170)
	(48,171)	(70,847)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Cash flows from operating activities		
Cash used in operations	**(122,192)**	(149,911)
Income tax paid	**(14,625)**	(6,503)
Net cash used in operating activities	**(136,817)**	(156,414)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(12,173)**	(15,071)
Decrease/(increase) in restricted bank deposits	**3,599**	(11,156)
Interest received	**1,987**	931
Proceeds from disposal of property, plant and equipment	**15**	1,272
Net cash used in investing activities	**(6,572)**	(24,024)
Cash flows from financing activities		
Proceeds from borrowings	**372,673**	420,600
Repayments of borrowings	**(364,922)**	(296,597)
Interest paid	**(15,843)**	(13,850)
Principle elements of lease payments	**(2,973)**	(2,182)
Payments of financing fee and deposits	**(2,509)**	(5,781)
Net cash (used in)/generated from financing activities	**(13,574)**	102,190
Net decrease in cash and cash equivalents	**(156,963)**	(78,248)
Cash and cash equivalents at beginning of the period	**389,230**	303,180
Effects of exchange rate changes on cash and cash equivalents	**(458)**	(782)
Cash and cash equivalents at end of the period	**231,809**	224,150

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 are 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 sequestration, utilization, and storage. 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") since 23 December 2011.

The condensed consolidated financial statements are presented in Renminbi ("RMB")

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024 except as described below.

Amended standards adopted by the Group

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual report beginning on 1 January 2025 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 21 Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standards are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any material impact on the condensed consolidated financial information.

4. 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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Drilling	**207,393**	225,850
Well completion	**148,333**	107,360
Reservoir	**305,314**	370,807
Others*	**86,176**	65,280
	747,216	769,297

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

The revenue from external customers reported to the CODM is measured in a manner consistent with that in the condensed consolidated 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 expenses ("EBITDA").

(b) Segment information

The segment information for the six months ended 30 June 2025 and 2024 are as follows:

	Drilling	**Well completion**	**Reservoir**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Six months ended 30 June 2025 (Unaudited)					
Revenue from external customers	**207,393**	**148,333**	**305,314**	**86,176**	**747,216**
Time of revenue recognition					
– At a point in time	**14,908**	**94,839**	**31,553**	**86,176**	**227,476**
– Over time	**192,485**	**53,494**	**273,761**	**–**	**519,740**
EBITDA	**20,516**	**27,769**	**29,398**	**3,634**	**81,317**

	Drilling	Well completion	Reservoir	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2024 (Unaudited)					
Revenue from external customers	225,850	107,360	370,807	65,280	769,297
Time of revenue recognition					
– At a point in time	2,026	52,890	32,304	65,280	152,500
– Over time	223,824	54,470	338,503	–	616,797
EBITDA	9,457	3,889	32,112	4,559	50,017

The segment information on total assets as at 30 June 2025 and 31 December 2024 are as follows:

	Drilling *RMB'000*	**Well completion** *RMB'000*	**Reservoir** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
As at 30 June 2025 (Unaudited)					
Segment assets	**443,961**	**635,296**	**498,103**	**48,993**	**1,626,353**
Unallocated assets					**647,539**
Total assets					**2,273,892**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**7,299**	**7,660**	**3,574**	**634**	**19,167**

	Drilling *RMB'000*	Well completion *RMB'000*	Reservoir *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 31 December 2024 (Audited)					
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 instruments and deferred income tax assets)	6,060	9,893	2,561	4,845	23,359

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

A reconciliation of EBITDA to loss before income tax is provided as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
EBITDA for reportable segments	**81,317**	50,017
Unallocated expenses		
– Share-based payments	**(1,948)**	(4,127)
– Other (losses)/gains, net	**(7,371)**	655
– Unallocated overhead expenses	**(66,005)**	(70,054)
	(75,324)	(73,526)
	5,993	(23,509)
Depreciation and amortisation	**(28,493)**	(26,855)
Finance income *(Note 10)*	**2,086**	931
Finance costs *(Note 10)*	**(19,900)**	(19,301)
Loss before income tax	**(40,314)**	(68,734)

	30 June	31 December
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Segment assets for reportable segments	**1,626,353**	1,683,517
Unallocated assets		
– Deferred income tax assets	**109,197**	106,327
– Unallocated inventories	**39,514**	70,400
– Unallocated prepayment and other receivables	**218,124**	208,253
– Restricted bank deposits	**32,566**	36,165
– Cash and cash equivalents	**231,809**	389,230
– Financial assets at fair value through other comprehensive income	**11,697**	10,368
– Investments in an associate and a joint venture	**4,632**	4,405
	647,539	825,148
Total assets	**2,273,892**	2,508,665

(c) Geographical segment

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Revenue		
PRC	**397,215**	474,495
Kazakhstan	**129,537**	141,378
Turkmenistan	**45,747**	49,088
Indonesia	**68,590**	28,501
Middle East	**78,672**	53,008
Canada	**26,322**	22,611
Others	**1,133**	216
	747,216	769,297

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:

	30 June	31 December
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Non-current assets		
PRC	**194,503**	211,247
Indonesia	**76,693**	82,767
Singapore	**32,632**	30,538
Kazakhstan	**25,739**	24,446
Middle East	**31,667**	27,905
Turkmenistan	**57,569**	60,635
Canada	**3,036**	3,291
Others	**17,219**	17,330
	439,058	458,159

5. TRADE AND NOTE RECEIVABLES

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Trade receivables	**741,161**	821,059
Less: impairment loss	**(174,658)**	(169,489)
Trade receivables, net	**566,503**	651,570
Note receivables	**558**	706
Less: impairment loss	**(4)**	(6)
Note receivables, net	**554**	700
	567,057	652,270

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

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Up to 6 months	**406,100**	584,939
6 months – 1 year	**107,668**	20,619
1 – 2 years	**41,226**	29,335
2 – 3 years	**14,949**	14,232
Over 3 years	**171,776**	172,640
Trade and note receivables, gross	**741,719**	821,765
Less: impairment loss	**(174,662)**	(169,495)
Trade and note receivables, net	**567,057**	652,270

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

6. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 RMB'000 Unaudited	31 December 2024 RMB'000 Audited
Current		
Advances to suppliers	**77,165**	81,957
Prepayment for taxes	**101,644**	107,927
Less: provision	**(3,526)**	(3,526)
Total non-financial assets	**175,283**	186,358
Deposits and other receivables (a)	**70,110**	57,103
Receivable from sales of property, plant and equipment	**37,098**	37,752
Loan to joint venture (a)	**–**	12,273
Loan to a third party (b)	**10,738**	–
Less: loss allowance	**(5,427)**	(5,179)
Total financial assets	**112,519**	101,949
	287,802	288,307
Non-current		
Deposits and other receivables	**2**	11,898
Loan to a joint venture (a)	**12,551**	–
Loan to a third party (b)	**–**	10,783
Total financial assets	**12,553**	22,681
Total	**300,355**	310,988

Notes:

(a) The loan to a joint venture bears interest at a rate of 8% per annum and the maturity date was extended to 30 June 2027 during the six months ended 30 June 2025.

(b) The loan to a third party bears no interest and will mature in February 2026.

7. SHARE CAPITAL

	Number of shares *(Thousands)*
Authorised:	
Ordinary shares of USD0.0001 each as at 31 December 2024 (Audited) and 30 June 2025 (Unaudited)	5,000,000

	Number of shares *(Thousands)*	Share capital *RMB'000*
Issued and fully paid:		
Ordinary shares of USD0.0001 each as at 31 December 2024 (Audited) and 30 June 2025 (Unaudited)	1,953,776	1,247

8. TRADE AND NOTE PAYABLES

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

	30 June 2025 ***RMB'000*** **Unaudited**	31 December 2024 *RMB'000* Audited
Up to 6 months	**246,599**	373,975
6 months to 1 year	**90,057**	48,836
1 – 2 years	**23,845**	44,567
2 – 3 years	**19,013**	19,832
Over 3 years	**66,385**	70,175
	445,899	557,385

9. ACCRUALS AND OTHER PAYABLES

	30 June 2025 ***RMB'000*** **Unaudited**	31 December 2024 *RMB'000* Audited
Payroll and welfare payable	**53,895**	91,270
Taxes other than income taxes payable	**13,836**	31,685
Other payables – related parties	**14,872**	14,872
Other payables for purchase of property, plant and equipment	**3,824**	2,995
Other payables	**47,613**	48,390
	134,040	189,212

10. FINANCE COSTS, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
– Interest income from bank deposits	**1,987**	931
– Net foreign exchange gains on financing activities	**99**	–
Finance income	**2,086**	931
Interest expense:		
– Bank borrowings	**(11,050)**	(13,430)
– Lease liabilities	**(468)**	(754)
– Other borrowings	**(5,218)**	(1,520)
Bank charges and others	**(3,164)**	(3,530)
Net foreign exchange loss on financing activities	**–**	(67)
Finance costs	**(19,900)**	(19,301)
Finance costs, net	**(17,814)**	(18,370)

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax	**10,941**	1,891
Deferred income tax	**(3,159)**	(5,604)
Income tax expense/(credit)	**7,782**	(3,713)

During the six months ended 30 June 2025, the estimated income tax rates applicable to the Group entities (excluding group companies that are currently tax exempted) ranged from 5% to 30% (for the six months ended 30 June 2024: 5% to 30%).

12. DIVIDEND

The Board of Directors did not propose a dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

13. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
Loss attributable to owners of the Company (RMB' 000)	**(47,935)**	(62,741)
Weighted average number of ordinary shares in issue (thousands)	**1,953,776**	1,953,776
Basic loss per share (RMB per share)	**(0.025)**	(0.032)

(b) Diluted

Diluted loss 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 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 six months ended 30 June 2025 and 2024, and the diluted loss per share is the same as the basic loss per share during the six months ended 30 June 2025 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the global economy continued to show signs of weak recovery amid a complex landscape. Despite the easing of inflationary pressure compared with that in 2024, the momentum of consumption and investment remains weak. Meanwhile, the International Monetary Fund ("**IMF**") predicted that the global economic growth rate in 2025 would be 3.3%, with an overall steady yet underwhelming growth trend. The global economy showed an obvious divergent trend, and the economies faced different degrees of challenges. According to forecasts based on data from J.P. Morgan, since 2025, the global oil and gas market have been facing challenges due to multiple factors such as economics, geopolitics, tariff policy and energy transformation. In 2025, the capital expenditure on upstream exploration and development in the global oil and gas industry decreased by 1.1% year-on-year, with the total amount reduced to US$543 billion. Safeguarding the national energy security remains a top priority in the PRC market. Under the promotion of the "Seven-Year Action Plan", oil companies continued to adhere to the strategy of increasing production and enhancing reserves, and supporting the development of ultra-deep and unconventional oil and gas resources, so as to continuously broaden the potential for oil and gas development.

During the Period, the Group recorded revenue of RMB747.2 million, representing a decrease of RMB22.1 million, or 2.9% from the same period of the previous year; and recorded net loss for the Period of RMB48.1 million, representing a decrease in loss of RMB16.9 million or 26% as compared with the same period of the previous year. In terms of revenue by region, revenue from the PRC market amounted to RMB397.2 million, representing a decrease of RMB77.3 million, or 16.3% as compared with the same period of the previous year, and accounted for 53.2% of the total revenue. Revenue from the overseas markets amounted to RMB350.0 million, representing an increase of RMB55.2 million, or 18.7% as compared with the same period of the previous year, and accounted for 46.8% of the total revenue.

In the first half of 2025, the Group mainly took the following measures to cope with severe economic situation and market challenge: firstly, the Group has optimized and adjusted its business structure. The Group has analyzed the business structure of the oil-field services segment, focusing on the development prospects and changes in profitability of key businesses in each region, thereby determining the development goals and strategies for regional markets and technology at the current stage through evaluation and identification. Starting in 2025, the Group proactively divested from certain business with limited profitability in the future or even facing losses, and with little potential for improvement. Instead, the Group took further efforts in markets and technologies with a focus on promising target markets, mainly including deep wells, drilling services, and well completion business in China, as well as markets in Iraq, Turkmenistan, and Indonesia. This is of great strategic significance to the improvement of the Group's overall profitability and the sound development of its business in the future; secondly, the Group upheld technological leadership, deepened innovation and practice, always focused on the technology strategy of "technology leading the development and innovation driving future", and continued to increase investment in technology research and development. On the one hand, in response to the current technical challenges in the industry, especially the technical difficulties caused by the increasing drilling depth of drills in China, we will introduce more advanced technologies and tools from around the world and explore the feasibility of integrated services of ultra-deep wells in reducing costs and improving efficiency. On the other hand, in response to the prominent trend of technological localization for products, we will increase research and development investment to further accelerate the process of localization production for conventional downhole tools; thirdly, the Group continued to implement the performance appraisal system that "performance is the dignity of the team". With result-oriented approaches, we implemented strict assessment and placed strong emphasis on realisation to stimulate the enthusiasm and creativity of the team and improve work efficiency in an all-round way.

Furthermore, the Group has been upholding prudent fiscal policies, maintained a stable financial framework and adhered to the asset-light operating strategy, which enabled the Group to maintain stronger risk resistance capabilities and enjoy more flexibility during the process of change of the industry and strategic adjustments made by the Company.

REVENUE ANALYSIS

During the Period, the Group recorded revenue of RMB747.2 million, representing a decrease of RMB22.1 million or 2.9% from the same period of the previous year. The analysis of the Group's revenue by business segments are as follows:

Revenue	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	*(%)*
Reservoir	**305,314**	370,807	(17.7%)
Drilling	**207,393**	225,850	(8.2%)
Well completion	**148,333**	107,360	38.2%
Others	**86,176**	65,280	32.0%
Total	**747,216**	769,297	(2.9%)

Revenue from reservoir segment amounted to RMB305.3 million, reduced by RMB65.5 million or 17.7% from the same period of the previous year, accounting for 40.9% of the total revenue. Revenue from drilling segment amounted to RMB207.4 million, representing a decrease of RMB18.5 million or 8.2% from the same period of the previous year, accounting for 27.8% of the total revenue. Revenue from well completion segment amounted to RMB148.3 million, representing an increase of RMB41.0 million or 38.2% from the previous year, accounting for 19.9% of the total revenue. Revenue from other segments amounted to RMB86.2 million, representing an increase of RMB20.9 million or 32.0% from the same period of the previous year, accounting for 11.5% of the total revenue.

RESERVOIR SERVICE SEGMENT

Revenue from reservoir segment	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	*(%)*
Overseas	**135,185**	126,722	6.7%
PRC	**170,129**	244,085	(30.3%)
Total	**305,314**	370,807	(17.7%)

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.

During the Period, the Group's reservoir segment recorded revenue of RMB305.3 million, representing a decrease of RMB65.5 million or 17.7% as compared to the same period of previous year. Revenue from reservoir segment in the PRC market amounted to RMB170.1 million, representing a decrease of RMB74.0 million or 30.3% as compared to the same period of the previous year. The decrease in domestic revenue was mainly due to the decrease in services such as equipment maintenance and station operation in Xinjiang region. As for the overseas reservoir segment, it recorded revenue of RMB135.2 million, representing an increase of RMB8.5 million or 6.7% as compared to the same period of last year. The main reason of the increase in revenue of overseas reservoirs was the full volume of dynamic monitoring and oil testing business in most operations in Middle East.

DRILLING SERVICES SEGMENT

Revenue from drilling segment	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	*(%)*
Overseas	**122,676**	112,104	9.4%
PRC	**84,717**	113,746	(25.5%)
Total	**207,393**	225,850	(8.2%)

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 Period, the Group's drilling segment recorded revenue of RMB207.4 million, representing a decrease of RMB18.5 million or 8.2% as compared to the same period of previous year. Revenue from drilling segment in the PRC market amounted to RMB84.7 million, representing a decrease of RMB29.0 million or 25.5% as compared to the same period of previous year. Such decrease in domestic revenue was mainly attributable to the decrease in the volume of regular drilling services. As for drilling segment in overseas market, it recorded revenue of RMB122.7 million, representing an increase of RMB10.6 million or 9.4% as compared to the same period of previous year. The increase was mainly due to the drilling activities in the Middle East and Indonesia have increased compared to the same period of previous year.

WELL COMPLETION SERVICE SEGMENT

Revenue from well completion segment	Six months ended 30 June **2025** ***RMB'000***	2024 *RMB'000*	Change *(%)*
Overseas	**92,140**	55,976	64.6%
PRC	**56,193**	51,384	9.4%
Total	**148,333**	107,360	38.2%

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

During the Period, the Group's well completion segment recorded revenue of RMB148.3 million, representing an increase of RMB41.0 million or 38.2% as compared to the same period of previous year. Revenue from well completion segment in the PRC market amounted to RMB56.2 million, representing an increase of RMB4.8 million or 9.4% as compared to the same period of the previous year. The increase in domestic revenue was due to the increase in the volume of completion tools business in Xinjiang region. In terms of overseas well completion segment, it recorded revenue of RMB92.1 million, representing an increase of RMB36.2 million or 64.6% as compared to the same period of the previous year. Such increase was mainly due to the increase in the volume of completion tools business in the Indonesia and revenue of fracturing and stimulation operations business in the Kazakhstan.

OTHER SEGMENTS

Revenue from other segments	Six months ended 30 June **2025** ***RMB'000***	2024 *RMB'000*	Change *(%)*
Overseas	**–**	–	–
PRC	**86,176**	65,280	32.0%
Total	**86,176**	65,280	32.0%

Currently, revenue from other segments of the Group mainly includes revenue generated from the sale of natural gas and the provision of related services.

During the Period, revenue from other segments amounted to RMB86.2 million, representing an increase of RMB21.0 million or 32.0% as compared to the same period of previous year. Revenue from the PRC market amounted to RMB86.2 million, representing an increase of RMB21.0 million or 32.0% as compared to the same period of previous year, which was mainly due to the increase in sales business of natural gas in Xinjiang region.

MARKET ENVIRONMENT

Since 2025, the global oil and gas industry continues to evolve in a complex and ever-changing environment. Escalating geopolitical conflicts, high trade barriers, and significant macroeconomic downward pressures have notably suppressed the growth of oil demand. The IMF pointed out in "2025 World Economic Outlook" that the expected global economy growth was 3.3% for 2025, which significantly increased downside risks to the economy. This trend will trigger a chain reaction on oil demand. According to "2025 Global Petroleum Industry Report" published by International Energy Agency ("**IEA**"), global average oil demand growth in 2025 will be only 0.7 mb/d, which will be the lowest growth since 2009. From a medium – to long-term perspective, with growing geopolitical tensions and uncertainties of global economic outlook, the international oil market is going through fundamental transformation. In the coming years, global oil supply growth will far exceed demand growth, and OPEC+'s oil production increases may further create imbalance between supply and demand. In terms of the Chinese market, "Guiding Opinions on Energy Work in 2025" issued by the National Energy Administration emphasized that we need to significantly improve energy security and ensure that fossil energy still plays a foundational role in energy security. At the same time, we will continue to accelerate the low-carbon transformation of the energy structure, prioritize eco-environmental protection and green development, synergize the reduction of pollution and carbon emissions, and vigorously develop renewable energy. In general, in the context of slowing macroeconomic growth and rising market uncertainties, oil companies are placing more strategic emphasis on the quality and efficiency of exploration and production. For oilfield service companies, in addition to continuously focusing on refined cost control and management and operational efficiency improvement, oilfield service companies attach more importance to customers' essential demand, accelerate technological iteration and update as well as equipment modification and innovation, and proactively explore emerging business and potential market to build differentiated competitive advantage to effectively address the dual challenges of intensifying industry competition and technological transformation.

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. During the Period, the international geopolitical landscape has become increasingly complex, with rising uncertainties in the external environment, a severe global economic situation, and a succession of market challenges. Faced with such a complex scenario, the Group's overseas engineering projects have firmly withstood external pressures and actively overcome internal difficulties. On one hand, we carried out optimisation and adjustment of our business structure, and continuously strengthened the layout and expansion of overseas markets; on the other hand, we accelerated the enhancement of technical strength and innovation capabilities. Based on the development trends of the industry, the Group will continue to seize the opportunities for energy cooperation under the "Belt and Road" initiative, focusing on developing core markets such as Central Asia, the Middle East, and Indonesia. On the basis of deeply cultivating existing markets, we will proactively seek new opportunities for breakthroughs, promote overseas projects to maintain a virtuous cycle of making steady progress, continuously achieve new development results in the complex environment, and create greater value for global customers.

As a key market of the Group's overseas strategy, our Kazakhstan region, in the first half of the year, under the complicated market environment, has forged ahead and made vigorous progress, took various measures to address various unfavorable factors, whereby it has not only consolidated its dominant advantages in traditional fields but also achieved remarkable results in the exploration of emerging markets, demonstration of core capabilities and improvement of operation efficiency. In terms of focusing on strategic transformation and expanding into emerging markets, our Kazakhstan region proactively shifted its development mind-set, integrated resources from multiple parties, and optimised and adjusted certain loss-making projects. At the same time, leveraging its own advantages in technology and philosophy, it actively expanded into advantageous projects with greater development potential. In the first half of 2025, it successfully conducted the multi-stage sand-filling and pressed fracturing modification operation in Kazakhstan's first horizontal well in shale oil and gas reservoirs, marking it a breakthrough in the unconventional oil and gas field. In terms of strengthening integrated services, our Kazakhstan region won the bid and signed an integrated project contract for production recovery of oil wells in a certain block in the fierce multi-party competitive bidding, which fully demonstrated the Company's core competitiveness in research, scheme design, and integrated construction including drilling, mining and increased production capacity in carbonate shale oil and gas reservoirs. In terms of exploring diversified development and planning for the long-term future, we actively responds to the "Belt and Road" initiative, gives full play to its own advantages, integrates domestic and foreign resources and technologies, and carries out active and conducive exploration in the fields of new energy and refining and chemical industries, which has cultivated new momentums for the Group to establish a foothold overseas and pursue long-term sustainable development projects. During the Period, our Turkmenistan project department has made full use of its own technical advantages and integrated resources, bravely took business action to successively sign business contracts for coiled tubing gas lift, bit services, and casing annulus pressure management. In addition, in order to ensure the safe and efficient completion of natural gas supply task in winter, our Turkmenistan project department made concerted efforts and actively responded to the emergency in the gas gathering manifold of the Eastern Gas Field. In projects including the completion of the rescue well, treatment of hidden dangers in the wells, and the large-scale acid pressing of the wells, we overcame various difficulties such as tight schedule, heavy tasks and high risks, efficiently and well completed the owner's assigned tasks and contract performance, winning the market recognition and customer respect.

In terms of potential markets, our Middle East region successfully expands in various business areas. The number of market orders increased significantly and the output value and profits both improved. During the Period, the Middle East Region successfully won a contract for workover services and oil testing services of an oilfield in Iraq, and successfully won the bid for a logging service contract of a certain oilfield after the Period, which further expanded the Group's business scope in the Middle East region and further expanded the scale of services. At present, the types of our services cover various fields, including well workover and fishing, well cementing, well logging, well calibration, oil testing, reservoir dynamic monitoring, oilfield tool accessories trading and so forth, gradually systematizing and scaling up our business in the Middle East region. At the same time, our Indonesia integrated engineering project officially started drilling in an oil and gas field of the 1000HP drilling rig service project in South Sumatra, Indonesia. This marked an important milestone for our Indonesia integrated engineering department to open up the external oil service market, and also laid a solid foundation for our subsequent market expansion. Our Indonesia integrated engineering department will take this project as an opportunity to continuously improve its drilling general contracting operation capacity and market reputation in the local market, so as to strive for the diversified development of the Group in the Indonesian regional market, and inject new impetus into the Group's strategic layout in the Southeast Asian market. In terms of technology research and development, the Group's research and development center in Singapore has once again achieved a major breakthrough in technological innovation by successfully developing a 3-1/2, 20,000 psi high pressure safety valve. The successful launch of this product not only demonstrates the Group's leading technological advantage in this field but also marks that it has core technical support in coping with complex and harsh oilfield environments such as high temperature, high pressure, and high sulfur content, further consolidating the technical barriers and market foundation for the Group's market expansion in the field of high-pressure downhole tools.

In the first half of 2025, the Group's new orders in overseas markets amount to approximately RMB651.1 million, accounting for approximately 49.4% of the Group's total new orders. In the first half of 2025, the Group has recorded revenue of approximately RMB350.0 million in overseas markets, representing an increase of 18.7% as compared to RMB294.8 million for the same period of previous year.

PRC Market

In the first half of 2025, China's domestic oil and gas and new energy industry achieved steady development under the dual objectives of ensuring energy security and promoting green and low-carbon transition. According to data from the National Bureau of Statistics, oil and gas production maintained a stable and increasing trend, while the capability to ensure supply continued to improve steadily. In the first half of 2025, crude oil production by industrial enterprises above the designated size reached 108 million tons, representing a year-on-year increase of 1.3%; natural gas production by industrial enterprises above the designated size reached 130.8 billion cubic meters, representing a year-on-year increase of 5.8%, with the scale of oil and gas reserves continuing to increase. In terms of green and low-carbon transition, the industry is accelerating the large-scale development of renewable energy, enhanced the clean and efficient development and utilization of fossil energy, actively promoted energy-saving and carbon-reduction measures on the consumption side, and continuously optimized the energy structure while adhering to green and low-carbon practices. Under the guidance of the "dual-carbon" goals, the industry showed a coordinated pattern of stable production and supply of traditional energy and accelerated development of new energy. The application of carbon capture, utilization and storage" ("**CCUS**") technology led to a rising trend in the oil recovery rate of mature oilfields, and deepwater oil and gas exploration and development, also recorded new breakthroughs. Notably, the oilfield service industry is accelerating its transformation toward the upgrading of traditional business and the expansion into new energy. As the upstream sector of oil and gas companies, with oil companies continuously promoting technological innovation, cost reduction and efficiency enhancement, and increasing reserves and production, oilfield service enterprises with technological reserves are expected to gain a first-mover advantage during the industry's prosperity cycle. In this context, the Group further deepened its presence in the high-end oilfield technical services market in the domestic market, consolidated the new energy business sector, adjusted business direction by closely following customer strategies, and continuously carried out technological innovation and overcame difficulties to ensure the stable market share of its advantageous business and placed greater focus on advantageous projects with growth potential.

In the first half of 2025, the Group optimised and adjusted its business structure in China, with a focus on key high-end and unconventional oil and gas markets such as Xinjiang and Sichuan. During the Period, the Group's well completion business in Xinjiang region continued to take the lead in the regional market, with record-breaking performance in operating depth, temperature and difficulty. The drilling technology rotary steering tool and integrated Measurement While Drilling ("**MWD**") passed the "Four New Technology Evaluation" of a certain oilfield. Meanwhile, through proactive market expansion and recommendation, the Group secured a bid for a deep well integrated drilling acceleration project of a certain oilfield in the first half of the year and commenced service operations. This project, which was successfully implemented after long-term research and evaluation by the Group and the integration of multiple leading domestic and international deep well drilling technologies, carries significant development potential. In addition, companies in Xinjiang region actively fostered personnel and updated equipment, and participated in the well testing of "scientific exploration wells" and operation of well completion tools, fully demonstrating the Group's outstanding technical service capabilities in oil reservoir and well completion business.

During the Period, the Group's business operations in the Sichuan and Chongqing markets maintained stability. Meanwhile, efforts were made to develop more emerging markets. The Group made beneficial attempts in several projects such as multi-stage stimulation tools and optical fiber monitoring services, some of which have been signed and implemented after the reporting period, injecting strong impetus into the long-term stable development of the Group's oilfield service business in the Sichuan and Chongqing markets.

In terms of new energy projects, the Group focuses on the field of low-carbon energy services and actively follows up and participates in a number of key projects. Among them, the Group's second CCUS project contract has completed 2D seismic geophysical surveying acquisition, processing and interpretation, and the drilling work and well testing are planned to be completed by the end of the year, laying a solid foundation for the subsequent implementation of carbon sequestration projects.

In the first half of 2025, the Group's new orders in PRC markets amounted to approximately RMB666.7 million, accounting for approximately 50.6% of the Group's total new orders. In the first half of 2025, the Group has recorded revenue of approximately RMB397.2 million in PRC markets, representing a decrease of 16.3% as compared to RMB474.5 million for the same period of previous year.

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

Facing the new situation of continuous technological change and accelerated energy transition in the industry, the Group has been firmly committed to promoting its technological strategic policy of "Technology-led Development and Innovation-driven Future", deepening technology investment and innovation practices, breaking through single-point technical barriers, and systematically opening up the closed value loop from technological research and development to industrial services, so as to provide oil and gas companies with integrated comprehensive solutions that adapt to the trend of energy revolution.

In terms of oil reservoirs: the Group's Xinjiang Region completed the formation test of a certain "scientific exploration well" in Xinjiang. The manometer of 35K, 230°C high temperature and high pressure resistant independently developed by the Group captured high quality temperature and pressure data at a depth of 10,000 meters, marking that the Group has reached the international advanced level of performance in this field. In the Iraqi market, the combination and coordination of well testing and MWD technology for high production wells has achieved remarkable performance. In particular, the well testing technology for long horizontal wells with production over 10,000 barrels has become the Group's core competitiveness in the Middle East market. In Turkmenistan, the Group successfully applied non-metallic coiled tubing to a high-sulfur gas field, solving the problem that conventional coiled tubing was not resistant to corrosion under high-sulfur conditions, so as to fill the gap in this field.

In terms of drilling: relying on the advantages of comprehensive drilling services for years, the Group implemented integrated speed-up technology services for well drilling, including rotary steering and drilling fluid in an oilfield in Xinjiang. The application effect has reached the expected level.

In terms of well completion: the Group made another major breakthrough in the completion technology of ultra-deep, ultra-high temperature and pressure wells. Faced with difficulties and kept moving on to break through many world-class problems, the technical team successfully completed "scientific exploration well" in Xinjiang with high quality and efficiency. The well completion tools run at a depth of 10,000 meters with outstanding performance, marking a milestone of material significance for the Group's well completion business. Meanwhile, in line with the broader industry trend of domestic tool localisation, the Group accelerated the implementation of conventional tool localisation projects, further ensuring its technological advantage in downhole tools.

In the context of the profound transformation of the energy industry, the Group has always placed technological innovation at the core of its strategy, and systematically built future-oriented industrial competitiveness. Driven by breakthrough technologies, we continued to strengthen technologies in the traditional energy field; meanwhile, we accelerated the cultivation of technologies in emerging fields to lay a strategic foundation for the Group's sustainable development by building a dual-track driving pattern of "traditional business continued to lead the market + emerging fields achieved breakthroughs in innovation".

HUMAN RESOURCES

In the first half of 2025, the Group advanced multiple human resources efforts including targeted talent recruitment to support global business expansion and getting the most out of performance and appropriately enhancing performance to refine and strictly implement our results-oriented performance system. We continued to promote staff skills training, with 381 training sessions, 5,873 person-times and 60,458 training hours cumulatively.

The Group developed a competitive compensation system based on employee's position and duty, performance and market remuneration level, and reviewed it regularly. As of 30 June 2025, the Group had 3,546 employees, representing a decrease of 259 employees from 3,805 employees as at 31 December 2024.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group realized a revenue of RMB747.2 million, representing a year-on-year decrease of RMB22.1 million, or 2.9% from RMB769.3 million for the same period of the previous year.

Other gains/(losses), net

For the six months ended 30 June 2025, the Group recorded other losses of RMB7.4 million, as compared with other gains, net, of RMB0.7 million for the same period of the previous year. The variance was mainly due to fluctuations in exchange rates.

Material costs

For the six months ended 30 June 2025, the Group's material costs amounted to RMB200.5 million, representing a year-on-year increase of RMB20.6 million, or 11.5% from RMB179.9 million for the same period of the previous year. Such increase was mainly due to the changes in business structure.

Employee benefit expenses

For the six months ended 30 June 2025, the Group's employee benefit expenses were RMB285.0 million, representing a year-on-year decrease of RMB17.7 million, or 5.8% from RMB302.7 million for the same period of the previous year. Such decrease was mainly due to the decrease in the number of employees as a result of the optimization of the Group's business structure.

Short-term and low-value lease expenses

For the six months ended 30 June 2025, the Group recorded short-term and low-value lease expenses of RMB52.8 million, representing a year-on-year decrease of RMB0.3 million, or 0.6% from RMB53.1 million for the same period of the previous year.

Transportation costs

For the six months ended 30 June 2025, the Group's transportation costs amounted to RMB10.7 million, representing a year-on-year decrease of RMB1.9 million, or 15.1% from RMB12.6 million for the same period of the previous year.

Depreciation and amortisation

For the six months ended 30 June 2025, the Group's depreciation and amortisation was RMB28.5 million, representing a year-on-year increase of RMB1.6 million, or 5.9% from RMB26.9 million for the same period of the previous year.

Technical service expenses

For the six months ended 30 June 2025, technical service expenses of the Group were RMB88.7 million, representing a year-on-year decrease of RMB33.0 million, or 27.1% from RMB121.7 million for the same period of the previous year. Such decrease was mainly due to the changes in business structure.

Impairment loss of assets

For the six months ended 30 June 2025, the Group recorded impairment losses of assets of RMB7.3 million, compared to RMB39.5 million for the same period of the previous year.

Others

For the six months ended 30 June 2025, the Group's other operating costs were RMB89.1 million, representing a year-on-year increase of RMB4.1 million, or 4.8% from RMB85.0 million for the same period of the previous year.

Operating (loss)/profit

In view of the above reasons, the Group's operating loss during the Period was RMB22.7 million, as compared to an operating loss of RMB51.5 million for the same period of the previous year.

Finance costs, net

For the six months ended 30 June 2025, the Group's finance costs, net, were RMB17.8 million, representing a year-on-year decrease of RMB0.6 million, or 3.3% from RMB18.4 million for the same period of the previous year.

Investment income from an associate under the equity method

For the six months ended 30 June 2025, investment income from an associate under the equity method of the Group was RMB0.2 million.

Income tax expense

For the six months ended 30 June 2025, the income tax expense was RMB7.8 million, compared with the income tax credit of RMB3.7 million for the same period of the previous year.

(Loss)/profit for the Period

As a result of the explanations above, the Group's loss for the Period was RMB48.1 million, as compared to a loss of RMB65.0 million for the same period of the previous year.

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

For the six months ended 30 June 2025, the loss attributable to equity holders of the Company was RMB47.9 million, as compared to a loss attributable to equity holders of the Company of RMB62.7 million for the same period of the previous year.

Property, plant and equipment

As at 30 June 2025, property, plant and equipment were RMB351.4 million, representing a decrease of RMB8.5 million, or 2.4% from RMB359.9 million as at 31 December 2024. Such decrease was mainly due to provisions made for the depreciation of property, plant and equipment.

Right-of-use assets

As at 30 June 2025, the carrying value of right-of-use assets amounted to RMB46.1 million, representing a decrease of RMB0.1 million, or 0.2% from RMB46.2 million as at 31 December 2024.

Intangible assets

As at 30 June 2025, intangible assets were RMB12.8 million, representing a decrease of RMB0.5 million, or 3.8% from RMB13.3 million as at 31 December 2024.

Deferred income tax assets

As at 30 June 2025, deferred income tax assets were RMB109.2 million, representing an increase of RMB2.9 million, or 2.7% from RMB106.3 million as at 31 December 2024.

Prepayments and other receivables

As at 30 June 2025, the non-current portion of prepayments and other receivables was RMB12.6 million, as compared to RMB22.7 million as at 31 December 2024. As at 30 June 2025, the current portion of prepayments and other receivables was RMB287.8 million, as compared to RMB288.3 million as at 31 December 2024.

Inventories

As at 30 June 2025, inventories were RMB566.3 million, representing an increase of RMB37.2 million, or 7.0% from RMB529.1 million as at 31 December 2024. The increase was mainly due to an increase in backlog of projects.

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

As at 30 June 2025, contract assets, trade and note receivables were RMB590.8 million, representing a decrease of RMB95.8 million, or 14.0% from RMB686.6 million as at 31 December 2024. The decrease was mainly due to more timely collection of accounts receivable during the Period. As at 30 June 2025, contract liabilities, trade and note payables were RMB495.2 million, representing a decrease of RMB120.4 million, or 19.6% from RMB615.6 million as at 31 December 2024. Such decrease was mainly due to more prompt payments to suppliers.

Liquidity and capital resources

As at 30 June 2025, the Group's cash and bank deposits, including cash and cash equivalents and restricted bank deposits, were RMB264.4 million, representing a decrease of RMB161.0 million, or 37.8% from RMB425.4 million as at 31 December 2024.

As at 30 June 2025, the current portion of the Group's short-term borrowings and long-term borrowings was RMB584.5 million, while the long-term borrowings were RMB48.0 million. As at 31 December 2024, the current portion of the Group's short-term borrowings and long-term borrowings was RMB571.3 million, while the long-term borrowings were RMB55.1 million. As at 30 June 2025, the bank borrowings of the Group were mainly denominated in RMB and were subject to fixed interest rates.

As at 30 June 2025, the Group's current lease liabilities amounted to RMB6.4 million and the non-current lease liabilities amounted to RMB7.8 million. As at 31 December 2024, the Group's current lease liabilities amounted to RMB5.7 million and the non-current lease liabilities amounted to RMB7.9 million.

As at 30 June 2025, the Group's gearing ratio was 67.6%, representing an increase of 3.8% as compared with 63.8% as at 31 December 2024. 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 30 June 2025, the total number of ordinary shares of the Company in issue was 1,953,775,999 shares (31 December 2024: 1,953,775,999 shares). As at 30 June 2025, equity attributable to the equity holders of the Company was RMB976.4 million, representing a decrease of RMB45.9 million, or 4.5% from RMB1,022.3 million as at 31 December 2024.

Significant investment held

As at 30 June 2025, the Group did not hold any significant investment.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the Period, the Company had no material acquisitions or disposals of subsidiaries and associates.

Assets pledged to secure bank borrowings

As at 30 June 2025, the Group pledged certain of its right-of-use assets and trade and note receivables to secure the Group's bank borrowings. The carrying values of the assets pledged are as follows:

	As at 30 June 2025 *RMB'000*	As at 31 December 2024 *RMB'000*
Right-of-use assets	**1,598**	1,966
Trade and note receivables	**153,000**	167,500

Assets pledged to secure the loans from a third party institution

The Group's loans from a third party institution are expiring from 2025 to 2028 and are secured by certain machinery with a carrying amount of RMB154,582,000 (2024: RMB144,304,000), and guaranteed by a 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. In the first half of 2025, the exchange rates of KZT against RMB experienced an overall decline, while the exchange rate of USD against RMB saw an overall increase compared with the same period of the previous year, but such movement did not have a significant impact on the overall business of the Group.

Contingent liabilities

As at 30 June 2025, the Group had no material contingent liabilities.

Off-balance sheet arrangement

As at 30 June 2025, the Group had no off-balance sheet arrangements.

Contractual obligations

As at 30 June 2025, the Group had capital expenditure commitments of RMB51.1 million.

SUBSEQUENT WORK PLANS

In the second half of 2025, the Group will continue to take "optimizing the corporate structure and improving the overall operating environment of the Group" as its main goals, adhere to the development strategy of "vigorously expanding overseas potential projects and intensively cultivating domestic competitive markets", and make every effort to achieve new breakthroughs in development and lay the foundation for a long-term stable growth channel , strive to achieve new breakthroughs in development and lay the foundation for a long-term stable growth channel. We will continue to deepen our work in the following aspects:

1. Continue to optimize and adjust the business structure of the Group. Firstly, the Group will increase the resource input in overseas potential markets. While ensuring the smooth implementation of the newly awarded projects in the first half of the year, the Group will continue to actively explore potential markets and strive to make greater breakthroughs in operational scale and profitability as soon as possible. The Group will deeply grasp the development theme of "placing equal emphasis on dual-carbon transformation and energy security" in the global energy industry: on the one hand, actively engage in the global energy transformation and build a new energy system with coordinated development of oil and gas and renewable energy through sustainable development of CCUS and other projects; secondly, deepen its exploration of the core domestic market and dynamically focus on customers' exploration and development technology needs, focusing on deep wells and advanced technologies for unconventional oil and gas wells and integrated services, avoiding low value-added projects to avoid low price competition; finally, actively carry out the exploration and development of oilfield blocks in Indonesia, striving to achieve scaled production capacity as early as possible, improving the development environment of the Group.

2. The Group constantly adheres to the core strategy of "technology-led development", and constructs a new development pattern based on the "innovation-driven and technology-enabled" concept. While pursuing technological innovation and research and development, the Group will also strengthen the integration, upgrade and breakthrough with its existing technologies. The Group will promote its market and the development of various businesses through technological upgrading, and leverage its technological advantages to seek continuous growth of market share. We will take technological innovation as the engine to continuously improve our core competitiveness, and seize the early opportunities in the transformation and development of the industry, so as to create technical value for our customers, and deliver high quality development to a new level for the Group.

3. The Group will activate the organizational momentum through efficient management and consolidate the foundation for development through lean operation. Through making continuous innovation in corporate management philosophy, the Group will dedicate to comprehensively improving profitability, risk management and control capabilities, cost control capabilities and build a modern management system. In addition, the Group will comprehensively enhance its operational flexibility and risk resistance capabilities. Relying on refined management to quickly respond to market changes, the Group will build a safe barrier for its business expansion through the improvement of compliance system and risk control mechanism, a move that will lay the management foundation for making it an international leading enterprise in energy technological services.

4. The Group will continue to implement the performance appraisal system that "performance is the dignity of the team". With result-oriented approaches, we will implement strict assessment and place strong emphasis on realisation to stimulate the enthusiasm and creativity of the team and improve work efficiency in an all-round way. Meanwhile, supported by a systematic talent strategy, the Group will focus on business development needs to precisely select and attract outstanding talents with both innovative thinking and professional competence, promoting deep synergy between talent resources and business development through dynamic alignment, and injecting sustained momentum into the Company's high-quality development.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025 to the shareholders of the Company (for the six months ended 30 June 2024: nil).

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 contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the six months ended 30 June 2025.

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 the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to 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 six months ended 30 June 2025.

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. The Company does not separate the roles of chairman and chief executive officer, 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 of the Company 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 Board 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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities (including sale of treasury shares). As of 30 June 2025, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and the unaudited interim results for the six months ended 30 June 2025 of the Group.

PUBLICATION

The interim results announcement for the six months ended 30 June 2025 of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sptenergygroup.com) respectively. The 2025 interim 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.

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

Hong Kong, the PRC, 26 August 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Ethan Wu, Mr. Li Qiang and Mr. Ding Kechen; the non-executive Directors of the Company are Mr. Wang Guoqiang, Mr. Wu Jiwei and Ms. Chen Chunhua; and the independent non-executive Directors of the Company are Ms. Zhang Yujuan, Mr. Wu Kwok Keung Andrew and Mr. Ma Xiaohu.

* *For identification purpose only*