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 2020

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2020, the Group's revenue was RMB609.1 million, representing a decrease of RMB145.6 million, or 19.3%, from RMB754.7 million for the same period of the previous year.

The profit attributable to equity holders of the Company for the six months ended 30 June 2020 was RMB21.4 million, representing a decrease of RMB53.8 million, or 71.5%, from RMB75.2 million for the same period of the previous year.

No interim dividend for the six months ended 30 June 2020 was proposed to be paid to the shareholders of the Company by the Board (for the six months ended 30 June 2019: 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 2020 (the "**Period**"), together with the comparative figures for the same period of the previous year as follows:

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2020 RMB'000 Unaudited	31 December 2019 RMB'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**388,860**	403,227
Right-of-use assets		**100,464**	101,113
Intangible assets		**3,302**	3,950
Investments in associates		**10,389**	10,480
Deferred income tax assets		**107,524**	100,996
Prepayments and other receivables	*7*	**19,972**	37,982
Financial assets at fair value through other comprehensive income		**11,023**	–
		641,534	657,748
Current assets			
Inventories		**488,358**	464,671
Contract assets		**39,975**	31,524
Trade and note receivables	*6*	**959,070**	1,139,823
Prepayments and other receivables	*7*	**341,244**	231,787
Restricted bank deposits		**27,678**	17,556
Cash and cash equivalents		**375,556**	588,365
		2,231,881	2,473,726
Total assets		**2,873,415**	3,131,474
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	*8*	**1,178**	1,178
Share premium		**848,026**	847,899
Other reserves		**321,186**	324,192
Retained earnings		**675,214**	655,757
Currency translation differences		**(440,586)**	(431,486)
		1,405,018	1,397,540
Non-controlling interests		**101,368**	102,029
Total equity		**1,506,386**	1,499,569

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**30 June 2020** *RMB'000* **Unaudited**	31 December 2019 *RMB'000* Audited
LIABILITIES			
Non-current liabilities			
Borrowings		**158,253**	47,403
Non-current lease liabilities		**44,924**	48,735
Deferred income tax liabilities		**21,964**	21,492
		225,141	117,630
Current liabilities			
Borrowings		**192,000**	233,000
Current portion of long-term borrowings		**68,472**	111,842
Contract liabilities		**10,565**	22,946
Trade and note payables	*9*	**660,924**	910,400
Accruals and other payables	*10*	**111,402**	137,736
Current income tax liabilities		**73,797**	77,541
Current lease liabilities		**24,728**	20,810
		1,141,888	1,514,275
Total liabilities		**1,367,029**	1,631,905
Total equity and liabilities		**2,873,415**	3,131,474

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
	Notes	**Unaudited**	Unaudited
Revenue	*5*	**609,140**	754,747
Other (losses)/gains, net		**(3,842)**	3,422
Operating costs			
Material costs		**(141,407)**	(179,205)
Employee benefit expenses		**(207,868)**	(223,747)
Short-term and low-value lease expenses		**(32,475)**	(38,524)
Transportation costs		**(12,195)**	(16,990)
Depreciation and amortisation		**(39,426)**	(39,594)
Technical service expenses		**(72,853)**	(97,872)
Reversal of impairment of inventories and prepayments		**–**	706
(Impairment losses)/reversal of impairment of financial and contract assets		**(6,143)**	1,344
Others		**(48,739)**	(60,704)
		(561,106)	(654,586)
Operating profit		**44,192**	103,583
Finance income		**835**	1,013
Finance costs		**(16,773)**	(13,728)
Finance costs, net	*11*	**(15,938)**	(12,715)
Profit before income tax		**28,254**	90,868
Income tax expense	*12*	**(9,627)**	(15,642)
Profit for the period		**18,627**	75,226
Profit is attributable to:			
Owners of the Company		**21,352**	75,159
Non-controlling interests		**(2,725)**	67
		18,627	75,226
Earnings per share for the profit attributable to the owners of the Company			
Basic earnings per share (RMB)	*14*	**0.0115**	0.0406
Diluted earnings per share (RMB)	*14*	**0.0115**	0.0400

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit for the period	**18,627**	75,226
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(20,348)**	7,150
Items that will not be reclassified to profit or loss:		
Currency translation differences	**11,502**	1,290
Changes in the fair value of equity investments at fair value through other comprehensive income	**(8,593)**	–
Total comprehensive income for the period	**1,188**	83,666
Total comprehensive income for the period is attributable to:		
Owners of the Company	**3,659**	83,650
Non-controlling interests	**(2,471)**	16
	1,188	83,666
Total comprehensive income for the period	**1,188**	83,666

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Cash flows from operating activities		
Cash used in operations	**(95,464)**	(46,447)
Income tax paid	**(6,237)**	(1,517)
Net cash used in operating activities	**(101,701)**	(47,964)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(76,279)**	(76,931)
Purchases of financial assets at fair value through other comprehensive income	**(19,616)**	–
Increase in restricted bank deposits	**(10,122)**	(15,431)
Interest received	**651**	935
Dividends received from an associate	**82**	–
Proceeds from disposal of property, plant and equipment	**19**	82
Purchases of intangible assets	**(455)**	(9)
Net cash used in investing activities	**(105,720)**	(91,354)
Cash flows from financing activities		
Proceeds from borrowings	**236,566**	179,543
Repayments of borrowings	**(211,476)**	(107,572)
Interest paid	**(14,113)**	(12,987)
Principal elements of lease payments	**(8,710)**	(7,187)
Payments of financing fee and deposits	**(7,480)**	(4,080)
Contributions from non-controlling interests	**1,810**	–
Proceeds from exercise of share options	**88**	889
Acquisition of non-controlling interests	**–**	(515)
Net cash (used in)/generated from financing activities	**(3,315)**	48,091
Net decrease in cash and cash equivalents	**(210,736)**	(91,227)
Cash and cash equivalents at beginning of the period	**588,365**	353,638
Exchange (losses)/gains on cash and cash equivalents	**(2,073)**	15
Cash and cash equivalents at end of the period	**375,556**	262,426

NOTES TO THE INTERIM 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. Ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 December 2011.

The Company is principally engaged in investment holding. The Company and its subsidiaries (the "**Group**") are principally engaged in provision of oil-field services including drilling, well completion, reservoir and the manufacturing of oilfield services related products mainly in the People's Republic of China (the "**PRC**") and overseas. The ultimate controlling parties of the Group are Mr. Wang Guoqiang (王國強) and Mr. Ethan Wu (吳東方) (collectively referred to as the "**Controlling Shareholders**").

The interim condensed consolidated financial information is presented in thousands of Renminbi Yuan (the "**RMB**"), unless otherwise stated, and is approved for issue by the Board of Directors on 25 August 2020.

These interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those described in the annual financial statements for the year ended 31 December 2019 except for the adoption of amended standards as set out below.

Amended standards adopted by the Group

The following amended standards became applicable for the current reporting period:

• Amendments to IAS 1 and IAS 8	Definition of Material
• Amendments to IFRS 3	Definition of a Business
• Amendments to IFRS 9, IAS 39 and IFRS 17	Interest Rate Benchmark Reform

These amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

4. ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

5. SEGMENT INFORMATION

The chief operating decision-makers ("**CODM**") have been identified as the Chief Executive Officer, vice presidents and directors of the Company who are responsible for reviewing 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. Most of these entities are engaged in just single business, except for a few entities which deal with diversified operation. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

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

(a) Revenue

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Drilling	**185,973**	312,219
Well completion	**195,247**	196,356
Reservoir	**227,920**	246,172
	609,140	754,747

The revenue from external parties 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**").

(b) Segment information

The segment information for the six months ended 30 June 2020 and 2019 are as follows:

	Drilling	**Well completion**	**Reservoir**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Six months ended 30 June 2020 (Unaudited)				
Revenue from external customers	**185,973**	**195,247**	**227,920**	**609,140**
Time of revenue recognition				
– At a point in time	**–**	**167,606**	**34,362**	**201,968**
– Over time	**185,973**	**27,641**	**193,558**	**407,172**
EBITDA	**23,591**	**57,538**	**56,998**	**138,127**

	Drilling *RMB'000*	Well completion *RMB'000*	Reservoir *RMB'000*	Total *RMB'000*
Six months ended 30 June 2019 (Unaudited)				
Revenue from external customers	312,219	196,356	246,172	754,747
Time of revenue recognition				
– At a point in time	46,491	121,249	25,339	193,079
– Over time	265,728	75,107	220,833	561,668
EBITDA	69,486	61,230	64,487	195,203

The segment information on total assets as at 30 June 2020 and 31 December 2019 are as follows:

	Drilling ***RMB'000***	**Well completion** ***RMB'000***	**Reservoir** ***RMB'000***	**Total** ***RMB'000***
As at 30 June 2020 (Unaudited)	**765,844**	**859,936**	**471,707**	**2,097,487**
As at 31 December 2019 (Audited)	799,572	979,055	534,114	2,312,741

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

	Six months ended 30 June	
	2020 ***RMB'000*** **Unaudited**	2019 *RMB'000* Unaudited
EBITDA for reportable segments	**138,127**	195,203
Unallocated expenses		
– Share-based payments	**(3,731)**	(8,589)
– Other (losses)/gains, net	**(3,842)**	3,422
– Unallocated overhead expenses	**(46,936)**	(46,859)
	(54,509)	(52,026)
	83,618	143,177
Depreciation and amortisation	**(39,426)**	(39,594)
Finance income	**835**	1,013
Finance costs	**(16,773)**	(13,728)
Profit before income tax	**28,254**	90,868

(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	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Revenue		
PRC	**437,251**	468,030
Kazakhstan	**106,491**	139,515
Canada	**27,397**	23,258
Indonesia	**17,765**	24,284
Middle East	**9,458**	20,170
Turkmenistan	**8,215**	78,260
Others	**2,563**	1,230
	609,140	754,747

The following table shows the non-current assets other than deposits and other receivables, investments in associates, 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
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Audited
Non-current assets		
PRC	**348,233**	368,787
Kazakhstan	**58,675**	61,273
Middle East	**40,403**	42,390
Turkmenistan	**28,453**	32,611
Singapore	**21,050**	23,080
Canada	**10,554**	16,232
Indonesia	**27**	239
Others	**3,969**	426
	511,364	545,038

6. TRADE AND NOTE RECEIVABLES

	30 June	31 December
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Audited
Trade receivables	**909,056**	1,090,420
Less: loss allowance	**(95,147)**	(88,607)
Trade receivables – net	**813,909**	1,001,813
Note receivables	**145,161**	138,010
	959,070	1,139,823

(a) Ageing analysis of gross trade and note receivables as at the respective balance sheet date based on invoice date is as follows:

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	Unaudited	Audited
Up to 6 months	**511,509**	936,561
6 months – 1 year	**333,601**	159,193
1 – 2 years	**100,639**	30,794
2 – 3 years	**12,388**	12,753
Over 3 years	**96,080**	89,129
Trade and note receivables, gross	**1,054,217**	1,228,430
Less: loss allowance	**(95,147)**	(88,607)
Trade and note receivables, net	**959,070**	1,139,823

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

7. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	Unaudited	Audited
Current		
Advances to suppliers	**130,522**	78,054
Prepayment for taxes	**19,549**	16,040
Less: loss allowance	**(2,909)**	(2,909)
Total non-financial assets	**147,162**	91,185
Deposits and other receivables	**114,102**	61,224
Receivable relating to disposal of certain equipment	**83,650**	83,140
Less: loss allowance	**(3,670)**	(3,762)
Total financial assets	**194,082**	140,602
	341,244	231,787
Non-current		
Advances to suppliers	**18,738**	36,748
Deposits and other receivables	**1,234**	1,234
	19,972	37,982
Total	**361,216**	269,769

8. SHARE CAPITAL

	Number of shares (Thousands)	Share capital RMB'000
Authorised:		
Ordinary shares of USD0.0001 each as at 30 June 2020 and 31 December 2019	5,000,000	3,219
Issued and fully paid:		
Ordinary shares of USD0.0001 each		
As at 31 December 2019 (Audited)	1,853,576	1,178
Add: Share options exercised	200	–
As at 30 June 2020 (Unaudited)	1,853,776	1,178

9. TRADE AND NOTE PAYABLES

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

	30 June 2020 ***RMB'000*** **Unaudited**	31 December 2019 *RMB'000* Audited
Up to 6 months	**312,210**	686,623
6 months to 1 year	**210,570**	68,286
1 – 2 years	**51,281**	82,090
2 – 3 years	**26,805**	15,015
Over 3 years	**60,058**	58,386
	660,924	910,400

10. ACCRUALS AND OTHER PAYABLES

	30 June 2020 ***RMB'000*** **Unaudited**	31 December 2019 *RMB'000* Audited
Interest payable	**3,143**	3,230
Other payables	**41,266**	38,700
Payroll and welfare payable	**47,687**	55,021
Taxes other than income tax payable	**19,306**	40,785
	111,402	137,736

11. FINANCE COSTS, NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
– Interest income on short-term bank deposits	**651**	935
Net foreign exchange gains on financing activities	**184**	78
Finance income	**835**	1,013
Interest expense:		
– Bank borrowings	**(10,398)**	(8,090)
– Interest paid for lease liabilities	**(1,544)**	(1,813)
– Bank charges and others	**(1,271)**	(2,451)
– Secured loans from a third party institution	**(3,560)**	(1,374)
Finance costs	**(16,773)**	(13,728)
Finance costs, net	**(15,938)**	(12,715)

12. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax		
– PRC	**1,318**	949
– Overseas	**14,537**	4,252
	15,855	5,201
Deferred income tax	**(6,228)**	10,441
Income tax expense	**9,627**	15,642

The Group operates mainly in the PRC and overseas. The estimated income tax rates applicable to the Group entities (excluding group companies that are currently tax exempted) for the six months ended 30 June 2020 varies from 5% to 30%.

PRC enterprise income tax ("**EIT**") is provided on the basis of the profits of the subsidiaries established in Mainland China 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 six months ended 30 June 2020, certain subsidiaries established in the PRC were subject to a preferential tax rate of 15% while other subsidiaries established in the PRC are subject to income tax at a rate of 25%.

13. DIVIDEND

The Board did not propose interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit 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	
	2020	2019
	Unaudited	Unaudited
Profit attributable to equity holders of the Company (RMB'000)	**21,352**	75,159
Weighted average number of ordinary shares in issue (thousands)	**1,853,773**	1,849,466
Basic earnings per share (RMB)	**0.0115**	0.0406

(b) Diluted

Diluted 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. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The share options in issue have not been included in the calculation of the diluted earnings per share, as these share options had no dilutive effect during the period.

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Earnings		
Profit attributable to equity holders of the Company	**21,352**	75,159
Weighted average number of ordinary shares in issue (thousands)	**1,853,773**	1,849,466
Adjustment for:		
– Share options (thousands)	**–**	27,415
	1,853,773	1,876,881
Diluted earnings per share (RMB)	**0.0115**	0.0400

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2020, international oil prices experienced a rapid decline under the impact of the Coronavirus Disease ("**COVID-19 outbreak**") and the price war among oil producing countries. Major international oil and gas companies reduced their investments in oil and gas exploration and development to varying extent. As for the PRC market, China's three major state-owned oil companies also made dynamic adjustments to their capital expenditures in 2020, and undertook to prioritise the investment in natural gas. The oil-field service industry faced pressure from the COVID-19 outbreak and low oil prices, alongside with slowing market demand yet fierce competition.

During the Period, both the revenue scale and profit level of the Group decreased. During the Period, the Group recorded revenue of RMB609.1 million, representing a decrease of RMB145.6 million or 19.3% from the same period last year; and recorded a profit for the period of RMB18.6 million, representing a decrease of RMB56.6 million or 75.3% as compared with the same period of the previous year. Compared to the overseas markets, the PRC market of the Group was less affected by the COVID-19 outbreak and oil prices, and the performance was relatively stable. In terms of revenue by region, revenue from the PRC market during the Period amounted to RMB437.2 million, representing a decrease of RMB30.8 million or 6.6% as compared with the same period of the previous year, and accounted for 71.8% of the total revenue. Revenue from the overseas markets amounted to RMB171.9 million, representing a decrease of RMB114.8 million or 40.0% as compared with the same period of the previous year, and accounted for 28.2% of the total revenue.

The Group took measures in the first half of 2020 to cope with the challenges brought by the external environment. Firstly, the Group adapted to market changes, kept abreast of customers' needs, and actively explored new customers and new markets on top of its existing markets and businesses. Secondly, the Group adopted scientific anti-epidemic measures to orderly promote the resumption of work and production. At the same time, the Group further enhanced the level of refined management, tightened risk control and management, improved efficiency and exercised cost control. Thirdly, the Group strengthened the building and integration of technology, promoted the application and promotion of new technologies, and assisted customers to achieve efficient exploration and development through technological innovation.

Despite the decline in the Group's performance during the Period, the Group upheld prudent fiscal policies, maintained a stable financial structure and adhered to the asset-light operating strategy, which enabled the Group to have stronger risk resistance capabilities and enjoy more flexibility when oil prices decreased.

REVENUE ANALYSIS

During the Period, the Group recorded revenue of RMB609.1 million, representing a decrease of RMB145.6 million or 19.3% from the same period of the previous year. The analysis of the Group's revenue by business segment is as follows:

Revenue	For the six months ended 30 June **2020** ***RMB'000***	 2019 *RMB'000*	 Change *(%)*
Reservoir	**227,920**	246,172	(7.4%)
Drilling	**185,973**	312,219	(40.4%)
Well Completion	**195,247**	196,356	(0.6%)
Total	**609,140**	754,747	(19.3%)

Revenue from reservoir segment as a percentage of total revenue was 37.4%. Revenue from reservoir segment amounted to RMB227.9 million, down by RMB18.3 million or 7.4% from the same period of the previous year. Revenue from drilling segment as a percentage of total revenue was 30.5%. Revenue from drilling segment amounted to RMB186.0 million, down by RMB126.2 million or 40.4% from the same period of the previous year. Revenue from well completion segment as a percentage of total revenue was 32.1%. Revenue from well completion segment amounted to RMB195.2 million, down by RMB1.1 million or 0.6% from the same period of the previous year. In terms of percentage of total revenue, the revenue contribution of the three business segments was relatively balanced. Compared with the same period of the previous year, revenue from well completion segment was basically the same; revenue from reservoir segment decreased slightly; and revenue of drilling segment dropped significantly as it was greatly affected.

RESERVOIR SERVICE SEGMENT

Revenue from reservoir segment	For the six months ended 30 June **2020** ***RMB'000***	 2019 *RMB'000*	 Change *(%)*
PRC	**117,202**	137,233	(14.6%)
Overseas	**110,718**	108,939	1.6%
Total	**227,920**	246,172	(7.4%)

The reservoir 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, repair service of surface production devices, etc.

During the Period, the Group's reservoir segment recorded revenue of RMB227.9 million, slightly decreased from the same period of the previous year. Revenue from reservoir segment in the PRC market amounted to RMB117.2 million, down by RMB20.0 million or 14.6% from the same period of the previous year. Revenue from reservoir segment in the overseas markets amounted to RMB110.7 million, up by RMB1.8 million or 1.6% from the same period of the previous year. The reservoir business was linked to the operating expenses of upstream oil and gas companies. Despite that it was at the bottom of the industry cycle where the capital expenditure on exploration and development decreased, the reservoir business continued to generate relatively stable revenue, which enhanced the Group's ability to resist risks associated with low oil prices.

DRILLING SERVICE SEGMENT

	For the six months ended 30 June		
Revenue from drilling segment	**2020**	2019	Change
	RMB'000	*RMB'000*	*(%)*
PRC	**135,999**	190,877	(28.8%)
Overseas	**49,974**	121,342	(58.8%)
Total	**185,973**	312,219	(40.4%)

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, drilling fluid services, etc.

During the Period, revenue from drilling segment amounted to RMB186.0 million, down by RMB126.2 million or 40.4% from the same period of the previous year. During the Period, revenue from drilling segment in the PRC market amounted to RMB136.0 million, representing a decrease of RMB54.9 million or 28.8% from the same period of the previous year; whereas revenue from drilling segment in the overseas markets amounted to RMB50.0 million, representing a decrease of RMB71.3 million or 58.8% from the same period of the previous year. The substantial decline in revenue from drilling segment was mainly due to the fact that oil companies reduced their capital expenditure on exploration and development when oil prices plummeted, resulting in the declining number of new drilling wells in some oil fields. Since the second quarter, the epidemic in the overseas markets has spread quickly, making manpower deployment and equipment relocation difficult. As a result, production operations were affected, and drilling business in the overseas markets shrank more significantly.

WELL COMPLETION SERVICE SEGMENT

Revenue from well completion segment	For the six months ended 30 June		
	2020	2019	Change
	RMB'000	*RMB'000*	*(%)*
PRC	**184,050**	139,920	31.5%
Overseas	**11,197**	56,436	(80.2%)
Total	**195,247**	196,356	(0.6%)

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

During the Period, revenue from the Group's well completion segment amounted to RMB195.2 million, down by RMB1.1 million or 0.6% from the same period of the previous year. Revenue from well completion segment in the PRC market amounted to RMB184.0 million, up by RMB44.1 million or 31.5% from the same period of the previous year. The growth mainly benefited from the expansion of well completion tools business in the PRC. Revenue from well completion segment in the overseas markets amounted to RMB11.2 million, down by RMB45.2 million or 80.2% from the same period of the previous year. Among which, well completion revenue from Turkmenistan, Kazakhstan and Indonesia recorded substantial decline.

MARKET ENVIRONMENT

During the Period, international oil prices experienced a sharp decline and a V-shaped rebound. During March and April, affected by the price war among the oil producing countries and the COVID-19 outbreak, the international oil prices experienced a rapid decline and plummeted to extremely low levels. Since May, the core oil producing countries have renewed the production reduction agreement and continued to vigorously reduce production, which provided support for oil prices. In addition, as some countries and regions began to re-open the economy, oil demand gradually recovered. Under this backdrop, international oil prices have started to increase since May and the Brent crude oil price has now returned to the level of US$40 per barrel. The international crude oil market is gradually returning to equilibrium.

Overseas Markets

The Group's overseas businesses are mainly located in Central Asia (primarily Kazakhstan and Turkmenistan), Canada, Indonesia, Singapore and the Middle East. During the Period, apart from the growth of the business in Canada, the Group's business in other overseas markets was sluggish in general, and revenue from the overseas markets as a percentage of the total revenue further decreased. Revenue from Kazakhstan was RMB106.5 million, representing a decrease of 23.7% from the same period of the previous year. The decrease was mainly due to the reduction in investments made by oil companies, decline in oil-field service workload and slow progress of projects affected by the COVID-19 outbreak and low oil prices. Revenue from Kazakhstan as a percentage of the Group's revenue from the overseas markets was 62.0%. Kazakhstan remains the largest overseas market in terms of revenue contribution to the Group. Business in Indonesia, Turkmenistan and the Middle East also experienced a decline. Comparatively, the Group's business of the subsidiary in Canada, which is primarily engaged in the production and sales of high-end electronic pressure gauge products used for downhole monitoring, recorded outstanding performance. During the Period, revenue from the business in Canada amounted to RMB27.4 million, representing an increase of 17.8% as compared to that in the same period of the previous year.

PRC Market

At present, China's dependence on imported crude oil is approximately 70% and its dependence on imported natural gas exceeds 40%. In 2020, amid complicated and ever-changing international trade landscape, China's energy security faced new challenges. In order to ensure energy security, the "Guiding Opinion of the National Energy Administration for Energy Work in 2020 (《2020年能源工作指導意見》)" has been issued by the National Energy Administration in June 2020, stating its requirements to increase efforts in oil and gas exploration and development, focus on expansion of the four major oil and gas production bases in Bohai Bay, Sichuan, Xinjiang and Ordos, as well as promote the steady growth of conventional natural gas production and accelerate the development of shale gas and coal bed gas. The capital expenditure plans of China's three major state-owned oil companies for 2020 are being gradually implemented, of which the allocation of capital expenditures within the PRC is relatively strong and the investment in natural gas is less affected. In addition, the gross domestic product of China in the second quarter grew by 3.2% year-on-year, realising a turnaround in the growth of the economy. Accordingly, demand for oil and gas gradually increased.

During the Period, the number of wells operated by the Group in the Xinjiang market was basically the same as last year, but the service price decreased. As a result, revenue from the Xinjiang region decreased slightly as compared with the same period of the previous year. In particular, well completion tools service maintained stable performance and had a larger contribution to profit, while revenue from drilling fluid service decreased as compared with the same period of the previous year. At present, the construction of two oil and gas production bases in the Tarim Oilfield, namely Bozi-Dabei and South of Tahe, is being fully kicked off to implement the large-scale drilling plan and enhance drilling efficiency. At the same time, some oil companies have optimised the mode of operations and implemented turnkey contracting of underground operations, which may bring market opportunities to the Group.

During the Period, the drilling business volume in the Sichuan and Chongqing markets decreased. Revenue decreased as a result. However, since the second quarter of this year, leveraging on its technical advantages and service experience in the non-conventional gas market, the Group obtained a new drilling and fishing technology service order from the Southwest oil and gas field, with a contract amount exceeding RMB10 million, and obtained a new turnkey drilling contract order from the Zhengan shale gas exploration block, with a contract amount exceeding RMB70 million.

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

In 2020, the Group put forward "technology as traction" development strategy. Guided by market demand and based on the technological development trend of the industry, the Group formulated the strategic plan for technological development of the coming three years and will allocate more resources to the R&D and manufacturing of new technologies and equipment. During the first half of 2020, the Group continuously pushed ahead the application and marketing of new technologies in business areas such as well drilling, well completion, oil reservoir, well workover, fracturing and environmental conservation, in order to inject vitality to drive the growth and enhance the market competitiveness of the Group.

As to oil reservoir, targeting at the "three highs" (high temperature, high pressure and high sulphur volume) gas fields in Tarim, the Group successfully developed the high temperature and high pressure pressure-volume-temperature ("**PVT**") sampler, being the first of its kind in China. Such product, after testing, will be put into market application and is expected to quickly capture the market share in this area. The Group successfully won the bid for the contract in the Tarim oilfield with respect to the technology of permanent downhole monitoring system ("**PDMS**") for electric pump wells. It also marked the first electric pump well in the Tarim market being applied with the PDMS technology. The successful application of which generated many market opportunities for the Group.

As to drilling, the "slurry cooling technology" was successfully marketed and applied in the shale gas market in Sichuan. Compared with similar technological products, the technology had better slurry cooling effects. The equipment used was running at full speed, which greatly enhanced the drilling efficiency. As a result, the technology won high recognition from customers. Looking into the second half of 2020, the Group will push ahead the application of such technology in more wells. The Group has filed the patent application for such technology. Meanwhile, drilling efficiency enhancement tools including efficient screw and near bit logging were extensively marketed in the Xinjiang and Sichuan markets, marking the formation of the Group's own technology system in the area of drilling efficiency enhancement.

As to well completion, the high temperature high pressure and high sulphur and carbon dioxide volume gas well completion technology attained a great breakthrough in the Southwest oil and gas fields in Sichuan. The Group successively won the bid for the project of high-end well completion tools, and continued to maintain a large market share in the well completion market in Sichuan and Chongqing. In addition, the Group continued to push ahead the marketing of the high-end well completion technology in the Tarim oilfield market. The comprehensive application of new technologies and process techniques including the multi-stage well completion process technique for three highs gas wells, vertical wells and high-angle wells, and the well completion process technique of chemical injection valve for high wax incrustation gas wells and safety valve for deep wells also successfully solved the technological challenges of three highs wells during well completion, such that the Group continued to dominate the Tarim market in the area of high-end well completion.

As to well workover, the Group innovatively introduced new process techniques and new technologies such as coiled tubing mechanical cutting and efficient fishing, and set a record high in many workover jobs such as the fastest packer process and the fastest tubing string process in the Kuche Shanqian market. During the workover of a well in the Tarim oilfield, the Group adopted a new model of workover operation enhancement in special and complex wells, which not only successfully resumed production, but also minimised the duration of the workover cycle.

Apart from the successful R&D and application of the new technologies above, the Group's technology team conducted R&D, integration and incubation of technologies including ultra-high temperature optic fibre monitoring technology, high temperature optic fibre visualisation technology, offshore oilfield overall profile control and displacement technology, smart oilfield related technology, nano oil recovery enhancement technology, integrated technology for repeated reformation of existing shale gas wells, maximum volume placement ("**MVP**") full-length diversion fracturing technology, horizontal well open-hole unlimited multi-stage fracturing technology, ultra-high temperature screw drilling technology, and special process technique of slim hole workover and fishing. Several exchanges with customers in various regional markets were conducted with sound feedback. Some technologies underwent pilot run onsite and will be implemented in projects soon, thus building a certain level of industry value. In the second half of 2020, the Group will focus its resources on promoting these technologies for greater market prospects.

HUMAN RESOURCES

Based on the Group's five-year strategic plans and business objectives for 2020, the Group continued to upgrade its human resources management system. The major details of the work in the first half of 2020 are as follows:

1. Due to the severe outbreak of COVID-19 pandemic across the globe, the Group effectively implemented a series of measures such as pandemic prevention and control, optimisation of personnel structure and labour costs, and achieved results;

2. The Group continued to optimise and upgrade the business system for human resources;

3. The Group optimised and upgraded the global human resources informatisation system; and

4. The Group continuously improved the training system and fully leveraged on the advantages of global mobile office and online learning platform to push ahead the efficient implementation of the Group's human resources work and the ongoing cultivation of talents. In the first half of 2020, the Group successfully organised 17 online learning platform projects such as "Training for Key Technical Personnel", "Training on Cost Reduction and Efficiency Enhancement", "Training for Senior Management" and "Training for Office Guru" with training attendance of 5,634 and approximately 20,000 cumulative training hours.

As at 30 June 2020, the Group had a total of 4,461 employees, up by 749 employees from 3,712 employees as at 31 December 2019. In addition to optimising the structure of the existing business personnel, due to the increase in the scale of oil and gas operation business in Western China, the number of employees increased. The actual costs of the Group's human resources for the first half of 2020 were controlled within the budget amount set at the beginning of the year.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2020, revenue of the Group was RMB609.1 million, representing a decrease of RMB145.6 million, or 19.3% from RMB754.7 million for the same period of the previous year. The decrease in revenue was mainly due to the weak oil-field service market affected by the declining oil prices amid the COVID-19 outbreak.

Other (losses)/gains, net

For the six months ended 30 June 2020, other losses, net of the Group were RMB3.8 million, as compared with other gains, net of RMB3.4 million for the same period of the previous year. The losses was mainly due to the exchange loss as a result of fluctuations in exchange rates.

Material costs

For the six months ended 30 June 2020, material costs of the Group amounted to RMB141.4 million, representing a decrease of RMB37.8 million, or 21.1% from RMB179.2 million for the same period of the previous year. The decrease in material costs was mainly due to the shrinkage of operating activities of the Group.

Employee benefit expenses

For the six months ended 30 June 2020, employee benefit expenses of the Group were RMB207.9 million, representing a decrease of RMB15.8 million, or 7.1% from RMB223.7 million for the same period of the previous year. The decrease in employee benefit expenses was mainly due to the temporary concessions for a particular period of the social security fund and other benefits and plans introduced by the government in view of the COVID-19 outbreak.

Short-term and low-value lease expenses

For the six months ended 30 June 2020, short-term and low-value lease expenses of the Group were RMB32.5 million, representing a decrease of RMB6.0 million, or 15.6% from RMB38.5 million for the same period of the previous year. The decrease was mainly due to the shrinkage of operating activities of the Group.

Transportation costs

For the six months ended 30 June 2020, transportation costs of the Group amounted to RMB12.2 million, representing a decrease of RMB4.8 million, or 28.2% from RMB17.0 million for the same period of the previous year. The decrease in transportation costs was mainly due to the shrinkage of operating activities of the Group.

Depreciation and Amortisation

For the six months ended 30 June 2020, depreciation and amortisation of the Group was RMB39.4 million, representing a decrease of RMB0.2 million, or 0.5% from RMB39.6 million for the same period of the previous year. The decrease was mainly as a result of certain intangible assets becoming fully amortised.

Technical service expenses

For the six months ended 30 June 2020, technical service expenses of the Group were RMB72.9 million, representing a decrease of RMB25.0 million, or 25.5% from RMB97.9 million for the same period of the previous year. The decrease in technical service expenses was mainly due to the shrinkage of operating activities of the Group.

Impairment loss of assets

For the six months ended 30 June 2020, impairment loss of assets of the Group was RMB6.1 million, while the reversal of impairment loss of assets of the Group was RMB2.1 million for the same period of the previous year. The impairment loss of assets was mainly due to the slow recovery of accounts receivables affected by the COVID-19 outbreak.

Others

For the six months ended 30 June 2020, other operating costs of the Group were RMB48.7 million, representing a decrease of RMB12.0 million, or 19.8% from RMB60.7 million for the same period of the previous year. The decrease was mainly due to the exercise of effective cost control by the Group.

Operating profit

Based on the above reasons, the Group's operating profit during the Period was RMB44.2 million, representing a decrease of RMB59.4 million or 57.3% from RMB103.6 million for the same period of the previous year.

Finance costs, net

For the six months ended 30 June 2020, the Group's finance costs, net were RMB15.9 million, representing an increase of RMB3.2 million, or 25.2% from RMB12.7 million for the same period of the previous year. The change was mainly due to the increase in interest expenses as a result of the Group's increased financing efforts.

Income tax expense

For the six months ended 30 June 2020, income tax expense was RMB9.6 million, representing a decrease of RMB6.0 million or 38.5% from RMB15.6 million for the same period of the previous year. The decrease in income tax expense was mainly due to the decrease of operating profit.

Profit for the period

As a result of the explanations above, the Group's profit for the period was RMB18.6 million, representing a decrease of RMB56.6 million or 75.3% from RMB75.2 million for the same period of the previous year.

Profit attributable to equity holders of the Company

For the six months ended 30 June 2020, profit attributable to equity holders of the Company was RMB21.4 million, representing a decrease of RMB53.8 million or 71.5% from RMB75.2 million for the same period of the previous year.

Property, plant and equipment

As at 30 June 2020, property, plant and equipment were RMB388.9 million, representing a decrease of RMB14.3 million, or 3.5%, from RMB403.2 million as at 31 December 2019. The decrease in property, plant and equipment was mainly due to the continuing depreciation of existing equipment.

Right-of-use assets

As at 30 June 2020, the carrying value of right-of-use assets amounted to RMB100.5 million, representing a decrease of RMB0.6 million, or 0.6% from RMB101.1 million as at 31 December 2019. The decrease was mainly due to the amortisation of right-of-use assets.

Intangible assets

As at 30 June 2020, intangible assets were RMB3.3 million, representing a decrease of RMB0.7 million, or 17.5%, from RMB4.0 million as at 31 December 2019. This was mainly due to the continuing amortisation of the existing intangible assets.

Deferred income tax assets

As at 30 June 2020, deferred income tax assets were RMB107.5 million, representing an increase of RMB6.5 million, or 6.4%, from RMB101.0 million as at 31 December 2019. The increase was mainly due to the recognition of deferred income tax assets with respect to the impairment and operating loss of some subsidiaries.

Prepayments and other receivables

As at 30 June 2020, non-current portion of prepayments and other receivables was RMB20.0 million, representing a decrease of RMB18.0 million, or 47.4%, from RMB38.0 million as at 31 December 2019, mainly due to the recognition of the Group's equipment purchased, while current portion of prepayments and other receivables was RMB341.2 million, representing an increase of RMB109.4 million, or 47.2%, from RMB231.8 million as at 31 December 2019. The increase was mainly due to the increase in security deposits for contracts as a result of the business development of the Group in the first half of the year and the delay of the shipment of goods purchased as a result of the COVID-19 outbreak.

Inventories

As at 30 June 2020, inventories were RMB488.4 million, representing an increase of RMB23.7 million, or 5.1%, from RMB464.7 million as at 31 December 2019. The increase in inventories was mainly due to the accumulation of products as a result of the slowing settlement affected by the COVID-19 outbreak.

Contract assets, trade and note receivables/Trade and notes payables

As at 30 June 2020, contract assets, trade and note receivables were RMB999.0 million, representing a decrease of RMB172.3 million, or 14.7%, from RMB1,171.3 million as at 31 December 2019. The decrease was mainly due to the decline of revenue recorded during the Period. As at 30 June 2020, trade and notes payables were RMB660.9 million, representing a decrease of RMB249.5 million, or 27.4%, from RMB910.4 million as at 31 December 2019. The decrease was mainly due to the decrease in subcontracting.

Liquidity and capital resources

As at 30 June 2020, the Group's cash and bank deposits, comprising cash and cash equivalents and restricted bank deposits, were RMB403.2 million, representing a decrease of RMB202.7 million, or 33.5%, from RMB605.9 million as at 31 December 2019. The decrease was mainly due to the shrinkage of the operating activities of the Group.

As at 30 June 2020, the Group's short-term borrowings and current portion of long-term borrowings were RMB260.5 million while the long-term borrowings were RMB158.3 million. As at 31 December 2019, the Group's short-term borrowings and current portion of long-term borrowings were RMB344.8 million while the long-term borrowings were RMB47.4 million. As at 30 June 2020, the borrowings of the Group were mainly denominated in RMB and such borrowings were subject to a fixed interest rate.

As at 30 June 2020, the Group's current lease liabilities amounted to RMB24.7 million and the non-current lease liabilities amounted to RMB44.9 million.

As at 30 June 2020, the Group's gearing ratio was 32.4%, representing an increase of 1.6% as compared with 30.8% as at 31 December 2019. 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 2020, the total number of ordinary shares of the Company in issue was 1,853,775,999 shares (31 December 2019: 1,853,575,999 shares). As at 30 June 2020, equity attributable to the equity holders of the Company was RMB1,405.0 million, representing an increase of RMB7.5 million, or 0.5%, as compared with RMB1,397.5 million as at 31 December 2019.

Significant investment held

As at 30 June 2020, the Group did not hold any significant investment.

Material acquisitions and disposals of subsidiaries and associates

During the Period, the Group had no material acquisition or disposal of subsidiaries and associates.

Assets pledged to secure bank borrowings

As at 30 June 2020, the Group pledged parts 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 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Right-of-use assets	**5,255**	5,694
Trade and note receivables	**315,000**	302,000

Assets pledged to secure the loans from a third party institution

The Group's loans from a third party institution are expiring from 2021 to 2023 and are secured by certain machinery with a carrying amount of RMB118,478,000 (31 December 2019: RMB66,807,000), and guarantee of two subsidiaries of the Group.

Foreign exchange risk

Fluctuations in exchange rates of Kazakhstan Tenge ("**KZT**") and United States dollar ("**USD**") bring foreign currency exchange risk to the Group. Currently, the Group mainly operates in the PRC, Kazakhstan, Singapore, Canada and Indonesia. Certain sales to and purchases from overseas are 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 are required to be denominated in KZT. Compared with the first half of 2019, exchange rates of KZT against RMB fell slightly during the first half of 2020, whereas exchanges rates of USD against RMB increased in general, but the changes did not have a significant impact on the Group's overall business.

Contingent liabilities

As at 30 June 2020, the Group had no material contingent liabilities.

Off-balance sheet arrangement

As at 30 June 2020, the Group had no off-balance sheet arrangements.

Contractual obligations

As at 30 June 2020, the Group had capital expenditure commitments of RMB41.6 million, while operating lease commitments were mainly lease of offices, warehouses and equipment with the amount of RMB36.4 million.

Subsequent event

The outbreak of Coronavirus Diseases 2019 ("**COVID-19**") brought unprecedented challenges and added uncertainties to the global economy, which may affect the Group's financial performance and position to certain extent. Management will focus continuous attention on the situation of the COVID-19 and reacted proactively.

SUBSEQUENT WORK PLANS

At present, the international crude oil market is gradually returning to equilibrium. As for the PRC market, the seven-year action plan aiming at expanding reserves and production has set the tone for the long-term development of the oil and gas industry. The oil companies have also identified the goal of expanding oil and gas production in 2020. Centring on the Group's strategy and business objectives for 2020, the Group will continue to strengthen the following aspects in the second half of 2020:

1. The Group will continue to focus on the PRC market to meet the customers' needs, and assist customers to achieve low-cost stable production in oil fields and efficient production increase in gas fields by leveraging on its technological service advantages in the high-end drilling and well completion markets.

2. The Group will continue to expand the offshore oil and gas services market in China and acquire more market share, so as to diversify the customer base.

3. Based on the higher requirements on the technological innovation, informatisation and intelligentisation of oil and gas exploration demanded by the current situation, the Group will persist in the technological innovation and integration, and accelerate the promotion and application of new technologies to further strengthen its core competitiveness.

4. The Group will continue to enhance its level of management and adopt reasonable measures to improve efficiency and exercise cost control.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 to the shareholders of the Company (for the six months ended 30 June 2019: nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of conduct regarding Directors' securities transactions.

Having made a specific enquiry to all Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2020.

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 14 to the Listing Rules as its own code of corporate governance.

The Company was in compliance with the code provisions set out in the CG Code during the six months ended 30 June 2020. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

During the six months ended 30 June 2020, 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 unaudited interim results for the six months ended 30 June 2020 of the Group with the auditor of the Company.

PUBLICATION

The interim results announcement for the six months ended 30 June 2020 of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sptenergygroup.com) respectively. The 2020 interim report will be despatched to the shareholders of the Company 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. Wang Guoqiang
Chairman

The PRC, 25 August 2020

As of the date of this announcement, the executive Directors are Mr. Wang Guoqiang, Mr. Ethan Wu, Mr. Li Qiang and Mr. Wu Jiwei; the non-executive Director is Ms. Chen Chunhua; and the independent non-executive Directors are Ms. Zhang Yujuan, Mr. Wu Kwok Keung Andrew and Mr. Wan Kah Ming.

* *For identification purpose only*