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

* for identification purpose only

2025
INTERIM REPORT

CONTENTS

Corporate Information

THE BOARD

Executive Directors

Mr. Ethan Wu *(Chairman and Chief Executive Officer)*
Mr. Li Qiang
Mr. Ding Kechen

Non-Executive Directors

Mr. Wang Guoqiang
Mr. Wu Jiwei
Ms. Chen Chunhua

Independent Non-Executive Directors

Ms. Zhang Yujuan
Mr. Wu Kwok Keung Andrew
Mr. Ma Xiaohu

AUDIT COMMITTEE

Mr. Wu Kwok Keung Andrew *(Chairman)*
Ms. Chen Chunhua
Mr. Ma Xiaohu

REMUNERATION COMMITTEE

Ms. Zhang Yujuan *(Chairman)*
Mr. Ethan Wu
Mr. Wu Kwok Keung Andrew

NOMINATION COMMITTEE

Mr. Ethan Wu *(Chairman)*
Ms. Zhang Yujuan
Mr. Wu Kwok Keung Andrew

AUTHORISED REPRESENTATIVES

Mr. Ethan Wu
Ms. Lai Siu Kuen

COMPANY SECRETARY

Ms. Lai Siu Kuen *(FCG, HKFCG)*

COMPANY WEBSITE

www.sptenergygroup.com

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Corporate Information

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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AUDITOR

CCTH CPA Limited
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Kowloon Commerce Centre
No. 51 Kwai Cheong Road, Kwai Chung,
New Territories
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd., Hong Kong Branch
China CITIC Bank International Limited
Bank of Kunlun Company Limited
Bank of China Limited

STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

1251

DATE OF LISTING

23 December 2011

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, SPT Energy Group Inc. (the "**Company**") and its subsidiaries (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, 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

Management Discussion and Analysis

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:

	Six months ended 30 June		
Revenue	**2025** ***RMB'000***	2024 *RMB'000*	Change *(%)*
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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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

	Six months ended 30 June		
Revenue from well completion segment	**2025**	2024	Change
	RMB'000	*RMB'000*	*(%)*
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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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	As at 31 December 2024
	RMB'000	*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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 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 corporate governance.

Save as disclosed below, the board (the "**Board**") of directors (the "**Directors**") of the Company is of the view that the Company was in compliance with the code provisions set out in the CG Code during the six months ended 30 June 2025. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Reference is made to the announcements of the Company dated 18 March 2025, 24 March 2025, 31 March 2025, 30 April 2025 and 27 June 2025, respectively. Trading in the Company's shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2025 and was resumed with effect from 9:00 a.m. on 30 June 2025.

The Group had engaged an external professional service provider as an internal control consultant during the first half of 2025 to review its internal control systems and procedures and provide corresponding improvement recommendations. The Group has proactively implemented measures in response to the improvement recommendations made by the internal control consultant. The implementation of these measures has been reviewed and approved by the internal control consultant.

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 have separate 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 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.

Other Information

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.

REVIEW OF INTERIM RESULTS

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

PURCHASE, SALE OR REDEMPTION OF ANY OF THE COMPANY'S 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.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS OR CHIEF EXECUTIVE SUBSEQUENT TO THE 2024 ANNUAL REPORT

Mr. Li Qiang resigned as the chief financial officer of the Company with effect from 26 August 2025 due to work re-arrangement. He continues to serve as an executive Director of the Company. Ms. Tong Jiali was appointed as the chief financial officer of the Company with effect from 26 August 2025. For details, please refer to the announcement of the Company dated 26 August 2025.

Save as disclosed above, up to the date of this report, there is no change to information which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors/ Chief Executive	Nature of interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company
Mr. Ethan Wu	Interest of controlled corporation (Note 1)	651,484,000 (L)	33.34%
	Beneficial owner (Note 3)	2,000,000 (L)	0.10%
Mr. Wang Guoqiang	Interest of controlled corporation (Note 2)	651,484,000 (L)	33.34%
	Beneficial owner (Note 3)	2,000,000 (L)	0.10%
Mr. Li Qiang	Beneficial owner (Note 3)	10,500,000 (L)	0.54%
Mr. Ding Kechen	Beneficial owner (Note 4)	92,550,000 (L)	4.74%
Mr. Wu Jiwei	Beneficial owner (Note 3)	15,500,000 (L)	0.79%
Ms. Chen Chunhua	Beneficial owner (Note 3)	2,000,000 (L)	0.10%
Mr. Wu Kwok Keung Andrew	Beneficial owner (Note 3)	2,000,000 (L)	0.10%
Ms. Zhang Yujuan	Beneficial owner (Note 3)	2,000,000 (L)	0.10%
Mr. Ma Xiaohu	Beneficial owner (Note 3)	500,000 (L)	0.03%

Other Information

Notes:

1. (i) Mr. Ethan Wu holds 100% controlling interest of Widescope Holding Limited, and therefore he is deemed to be interested in 235,372,000 shares of the Company held by Widescope Holding Limited. (ii) Mr. Wu holds 100% controlling interest in Best Harvest Far East Limited, and therefore he is deemed to be interested in 21,600,000 shares of the Company held by Best Harvest Far East Limited via True Harmony Limited, its wholly-owned subsidiary. (iii) Mr. Ethan Wu is also deemed to be interested in 394,512,000 shares held by Mr. Wang Guoqiang as they are parties acting in concert.

2. Mr. Wang Guoqiang holds 100% controlling interest of Truepath Limited, and therefore he is deemed to be interested in 394,512,000 shares of the Company held by Truepath Limited. Mr. Wang Guoqiang is also deemed to be interested in 256,972,000 shares held by Mr. Ethan Wu as they are parties acting in concert.

3. Mr. Ethan Wu, Mr. Wang Guoqiang, Mr. Li Qiang, Mr. Wu Jiwei, Ms. Chen Chunhua, Mr. Wu Kwok Keung Andrew, Ms. Zhang Yujuan and Mr. Ma Xiaohu hold share options in respect of these shares. Details of the share options are set out below in the section headed “Share Option Scheme”.

4. Mr. Ding Kechen is interested in a total of 92,550,000 shares of the Company, including (i) his holding of 71,250,000 Shares and (ii) his interests in 21,300,000 options granted under the share option scheme. Details of the share options are set out below in the section headed “Share Option Scheme”.

5. “L” denotes long position.

Save as disclosed above, as at 30 June 2025, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders Group	Nature of Interest	Total number of shares/underlying shares held	Approximate percentage of interest in the Company
Mr. Ethan Wu (Note 1)	**Beneficial owner**	**2,000,000 (L)**	**0.10%**
	A concert party to an agreement to buy shares described in s.317(1)(a)	**394,512,000 (L)**	**20.19%**
	Interest in controlled corporations	**256,972,000 (L)**	**13.15%**
Widescope Holdings Limited	Beneficial owner	235,372,000 (L)	12.05%
True Harmony Limited	Beneficial owner	21,600,000 (L)	1.10%
Mr. Wang Guoqiang (Note 2)	**Beneficial owner**	**2,000,000 (L)**	**0.10%**
	A concert party to an agreement to buy shares described in s.317(1)(a)	**256,972,000 (L)**	**13.15%**
	Interest in controlled corporations	**394,512,000 (L)**	**20.19%**
Truepath Limited	Beneficial owner	394,512,000 (L)	20.19%
Greenwood Asset Management Hong Kong Limited (Note 3)	**Investment manager**	**119,000,000 (L)**	**6.09%**
Invest Partner Group Limited	Interest in controlled corporations	119,000,000 (L)	6.09%

Notes:

1. (i) Mr. Ethan Wu holds 100% controlling interest of Widescope Holding Limited, and therefore he is deemed to be interested in 235,372,000 shares of the Company held by Widescope Holding Limited. (ii) Mr. Wu holds 100% controlling interest in Best Harvest Far East Limited, and therefore he is deemed to be interested in 21,600,000 shares of the Company held by Best Harvest Far East Limited via True Harmony Limited, its wholly-owned subsidiary. (iii) Mr. Ethan Wu is also deemed to be interested in 394,512,000 shares held by Mr. Wang Guoqiang as they are parties acting in concert.

2. Mr. Wang Guoqiang holds 100% controlling interest of Truepath Limited, and therefore he is deemed to be interested in 394,512,000 shares of the Company held by Truepath Limited. Mr. Wang Guoqiang is also deemed to be interested in 256,972,000 shares held by Mr. Ethan Wu as they are parties acting in concert.

3. Such 119,000,000 shares represent the same parcel of shares.

4. "L" denotes long position.

5. Pursuant to Section 336 of the SFO, the shareholders are required to file disclosure of interests forms when certain criteria are fulfilled. Therefore, substantial shareholders' latest shareholding in the Company may be different to the shareholding filed with the Company and the Stock Exchange.

Other Information

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 December 2011 (the "**2011 Share Option Scheme**"), which had expired on the tenth anniversary of its adoption. To enable the Company to continue to grant options to eligible participants as incentives or rewards for their contributions to the success of the Group, the shareholders at the annual general meeting held on 10 June 2021 had resolved to terminate the 2011 Share Option Scheme and the 2021 share option scheme (the "**2021 Share Option Scheme**") was adopted. In light of the amendments to the new rules in Chapter 17 of the Listing Rules, the Shareholders resolved to make certain amendments to the 2021 Share Option Scheme at the extraordinary general meeting held on 26 June 2024 and adopted the newly amended 2021 Share Option Scheme (the "**Amended Share Option Scheme**").

As at 30 June 2025, 193,967,666 options under the 2011 Share Option Scheme were granted but not yet exercised. No option can be granted under the 2011 Share Option Scheme upon its expiration, but all options granted previously will remain exercisable in accordance with the terms of the 2011 Share Option Scheme.

As at 30 June 2025, the total number of options available for grant under the Amended Share Option Scheme was 195,377,599.

Pursuant to Rule 17.07(2) of the Listing Rules, the number of options available for grant under the scheme mandate of all share option schemes of the Company as at 1 January 2025 and 30 June 2025 were 195,377,599 and 195,377,599, respectively; and the number of options available for grant under the service provider sublimit of all share option schemes of the Company as at 1 January 2025 and 30 June 2025 were 19,537,759 and 19,537,759, respectively.

No option has been granted under the share option schemes of the Company during the Reporting Period. As such, Rule 17.07(3) of the Listing Rules is not applicable.

AMENDED SHARE OPTION SCHEME

1. Purposes

The Amended Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The purpose of the Amended Share Option Scheme is to enable the Group to grant options to selected Eligible Participants (as defined below) as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group and any entity which the Group holds any equity interest.

Other Information

2. Participants

The Board may, at its absolute discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine:

(i) any director(s) and employee(s) (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company or any of its subsidiaries (the "**Employee Participant(s)**");

(ii) any director(s) and employees(s) (whether full-time or part-time) of any holding companies, fellow subsidiaries or associated companies of the Company (the "**Related Entity Participant(s)**"); and

(iii) person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (the "**Service Provider(s)**").

Additionally, each Eligible Participant shall be subject to an individual grant limit and additional approval requirements, (a) with respect to a Director, chief executive or substantial shareholder of our Company, or their respective associates, as specified in Rule 17.04 of Chapter 17 of the Listing Rules; and (b) with respect to any Eligible Participant, as specified in Rule 17.03D of the Chapter 17 of the Listing Rules.

3. Scheme Mandate Limit and Service Provider Sublimit

The maximum number of Shares which may be issued in respect of all options and awards to be granted under the Amended Share Option Scheme and any other share schemes of the Company (including options or awards have been cancelled but excluding those lapsed in accordance with the terms of the respective share schemes) shall not exceed 195,377,599 Shares, representing 10% of the total number of Shares in issue (excluding treasury shares) of the Company (the "**Scheme Mandate Limit**") as at 30 June 2025.

Within the Scheme Mandate Limit, the maximum number of Shares which may be issued in respect of all options and awards to be granted to Service Providers shall not exceed 19,537,759 Shares, representing 1% of the total number of Shares in issue (excluding treasury shares) of the Company (the "**Service Provider Sublimit**") as at 30 June 2025.

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued in respect of all options and awards granted to each Eligible Participant under the Amended Share Option Scheme and any other share schemes of the Company (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company (excluding treasury shares) from time to time.

Other Information

5. Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of the Amended Share Option Scheme, which shall, at the discretion of the Directors, commence at any time on or after the date of grant and expire no later than the tenth anniversary of the date of grant.

6. Vesting period

The vesting period for options shall not be less than 12 months.

7. Time and acceptance of an offer of options

An option shall be deemed to have been granted and accepted (with retrospective effect from the offer date) when the duplicate letter comprising acceptance of the options duly signed by the grantee with the number of Shares in respect of which offer is accepted clearly stated therein. No consideration is payable by the grantee on application or acceptance of the offer. An offer of the grant of an option may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of such number of Shares as represents a board lot for the time being for the purposes of trading on the Stock Exchange or an integral multiple thereof. To the extent that the offer of the grant of an option is not accepted within seven days from the offer date, it will be deemed to have been irrevocably declined and lapsed automatically.

8. Basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Amended Share Option Scheme shall be a price solely determined by the Board and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a day on which the Stock Exchange is open for the business of dealing in securities; and (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant.

9. Life of the Amended Share Option Scheme

The Amended Share Option Scheme shall be valid and effective for a period of ten years commencing on 26 June 2024, subject to the early termination provisions contained in the Amended Share Option Scheme. The remaining life of the Amended Share Option Scheme is approximately 9 years and 11 months.

The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit every three years after 26 June 2024 or the date of Shareholders' approval for the last refreshment, as the case may be. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate. Any refreshment within any three-year period must be approved by the Shareholders subject to the following provisions: (i) any controlling shareholders (as defined in the Listing Rules) and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive

Other Information

Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and (ii) the Company must comply with the relevant requirements under the Listing Rules.

Movements of the options under the 2011 Share Option Scheme and the Amended Share Option Scheme during the six months ended 30 June 2025 are as follows:

	Number of options								
Grantee	Outstanding as at 1 January 2025	Granted	Exercised	Cancelled	Lapsed	Outstanding as at 30 June 2025	Date of grant	Date of expiry	Exercise price per share
Directors									
Ethan Wu	1,500,000 (Note 1)	–	–	–	–	1,500,000	31/8/2016	30/8/2026	0.490
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Li Qiang	10,000,000 (Note 1)	–	–	–	–	10,000,000	31/8/2016	30/8/2026	0.490
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Ding Kechen	300,000 (Note 1)	–	–	–	–	300,000	31/8/2016	30/8/2026	0.490
	12,000,000 (Note 2)	–	–	–	–	12,000,000	26/9/2018	25/9/2028	0.740
	9,000,000 (Note 4)	–	–	–	–	9,000,000	31/3/2023	30/3/2033	0.250
Wang Guoqiang	1,500,000 (Note 1)	–	–	–	–	1,500,000	31/8/2016	30/8/2026	0.490
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Wu Jiwei	9,000,000 (Note 2)	–	–	–	–	9,000,000	26/9/2018	25/9/2028	0.740
	6,000,000 (Note 3)	–	–	–	–	6,000,000	6/12/2018	5/12/2028	0.532
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Chen Chunhua	1,500,000 (Note 1)	–	–	–	–	1,500,000	31/8/2016	30/8/2026	0.490
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Wu Kwok Keung Andrew	1,500,000 (Note 1)	–	–	–	–	1,500,000	31/8/2016	30/8/2026	0.490
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Zhang Yujuan	1,500,000 (Note 1)	–	–	–	–	1,500,000	31/8/2016	30/8/2026	0.490
	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250
Ma Xiaohu	500,000 (Note 4)	–	–	–	–	500,000	31/3/2023	30/3/2033	0.250

Other Information

Grantee	Outstanding as at 1 January 2025	Number of options Granted	Exercised	Cancelled	Lapsed	Outstanding as at 30 June 2025	Date of grant	Date of expiry	Exercise price per share
Employees	80,867,666 (Note 1)	–	–	–	–	80,867,666	31/8/2016	30/8/2026	0.490
	37,300,000 (Note 2)	–	–	–	–	37,300,000	26/9/2018	25/9/2028	0.740
	31,000,000 (Note 3)	–	–	–	–	31,000,000	6/12/2018	5/12/2028	0.532
	172,300,000 (Note 4)	–	–	–	–	172,300,000	31/3/2023	30/3/2033	0.250
Total	**379,267,666**	**–**	**–**	**–**	**–**	**379,267,666**			

Notes:

1. The closing price of shares immediately before 31 August 2016 on which the share options were granted was HK$0.490 per share. 1/3 of which are exercisable from 31 August 2017 to 30 August 2026; 1/3 of which are exercisable from 31 August 2018 to 30 August 2026; and the remaining 1/3 are exercisable from 31 August 2019 to 30 August 2026.

2. The closing price of shares immediately before 26 September 2018 on which the share options were granted was HK$0.740 per share. 1/3 of which are exercisable from 26 September 2019 to 25 September 2028; 1/3 of which are exercisable from 26 September 2020 to 25 September 2028; and the remaining 1/3 are exercisable from 26 September 2021 to 25 September 2028.

3. The closing price of shares immediately before 6 December 2018 on which the share options were granted was HK$0.520 per share. 1/3 of which are exercisable from 6 December 2019 to 5 December 2028; 1/3 of which are exercisable from 6 December 2020 to 5 December 2028; and the remaining 1/3 are exercisable from 6 December 2021 to 5 December 2028.

4. The closing price of shares immediately before 31 March 2023 on which the share options were granted was HK$0.250 per share. 1/3 of which are exercisable from 31 March 2024 to 30 March 2033; 1/3 of which are exercisable from 31 March 2025 to 30 March 2033; and the remaining 1/3 are exercisable from 31 March 2026 to 30 March 2033. There is no performance target.

5. Please also refer to the Note 10(a) to the interim condensed consolidated financial information for the fair value of options at the date of grant and the accounting standard and policy adopted.

Save as disclosed above, no share option was granted, exercised, cancelled nor lapsed during the six months ended 30 June 2025 under the 2011 Share Option Scheme and the Amended Share Option Scheme.

Other Information

INTERIM DIVIDEND

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

By order of the Board
Mr. Ethan Wu
Chairman

Hong Kong, the PRC, 26 August 2025

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	**30 June 2025** *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment	5	**351,412**	359,855
Right-of-use assets	5	**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	14	**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	8	**12,553**	22,681
		564,584	579,259
Current assets			
Inventories	6	**566,312**	529,122
Contract assets		**23,762**	34,312
Trade and note receivables	7	**567,057**	652,270
Prepayments and other receivables	8	**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	9	**1,247**	1,247
Share premium		**869,853**	869,853
Other reserves	10	**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

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	**30 June 2025** *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
LIABILITIES			
Non-current liabilities			
Borrowings	11	**47,957**	55,074
Non-current lease liabilities		**7,759**	7,903
Deferred income tax liabilities	14	**24,462**	24,655
		80,178	87,632
Current liabilities			
Borrowings	11	**458,700**	456,000
Current portion of long-term borrowings	11	**125,823**	115,301
Contract liabilities		**49,257**	58,188
Trade and note payables	12	**445,899**	557,385
Accruals and other payables	13	**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

The accompanying notes on pages 40 to 64 are an integral part of this condensed consolidated financial information.

The condensed consolidated financial information on pages 32 to 64 were approved by the Board of Directors on 26 August 2025 and were signed on its behalf.

Ethan Wu
Director

Li Qiang
Director

Condensed Consolidated Income Statement

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 RMB'000 Unaudited	2024 RMB'000 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	15	**(285,024)**	(302,719)
Short-term and low-value lease expenses		**(52,778)**	(53,132)
Transportation costs		**(10,706)**	(12,573)
Depreciation and amortisation	16	**(28,493)**	(26,855)
Technical service expenses		**(88,672)**	(121,741)
Net impairment losses of financial assets 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	17	**(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	18	**(7,782)**	3,713
Loss for the period		**(48,096)**	(65,021)

Condensed Consolidated Income Statement

For the six months ended 30 June 2025

	Note	Six months ended 30 June **2025** ***RMB'000*** **Unaudited**	 2024 *RMB'000* Unaudited
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 loss attributable to the owners of the Company			
Basic and diluted loss per share	20	**RMB(0.025)**	RMB(0.032)

The accompanying notes on pages 40 to 64 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	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 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)

The accompanying notes on pages 40 to 64 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2025

	Note	Equity attributable to the owners of the Company							
		Share capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 31 December 2024 (Audited)		**1,247**	**869,853**	**362,063**	**(533,160)**	**322,295**	**1,022,298**	**(19,842)**	**1,002,456**
Comprehensive (loss)/income									
Loss for the period		**–**	**–**	**–**	**–**	**(47,935)**	**(47,935)**	**(161)**	**(48,096)**
Other comprehensive income/(loss)		**–**	**–**	**1,329**	**(1,247)**	**–**	**82**	**(157)**	**(75)**
Total comprehensive income/(loss) for the period		**–**	**–**	**1,329**	**(1,247)**	**(47,935)**	**(47,853)**	**(318)**	**(48,171)**
Transactions with owners in their capacity as owners									
Share-based payments	10	**–**	**–**	**1,948**	**–**	**–**	**1,948**	**–**	**1,948**
Transfer to statutory reserves		**–**	**–**	**508**	**–**	**(508)**	**–**	**–**	**–**
Total transactions with owners in their capacity as owners		**–**	**–**	**2,456**	**–**	**(508)**	**1,948**	**–**	**1,948**
Balance as at 30 June 2025 (Unaudited)		**1,247**	**869,853**	**365,848**	**(534,407)**	**273,852**	**976,393**	**(20,160)**	**956,233**

The accompanying notes on pages 40 to 64 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2025

		Equity attributable to the owners of the Company							
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Currency translation differences *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance as at 31 December 2023 (Audited)		1,247	869,853	351,401	(501,629)	579,236	1,300,108	(14,868)	1,285,240
Comprehensive (loss)/income									
Loss for the period		–	–	–	–	(62,741)	(62,741)	(2,280)	(65,021)
Other comprehensive income/(loss)		–	–	2,091	(8,027)	–	(5,936)	110	(5,826)
Total comprehensive loss for the period		–	–	2,091	(8,027)	(62,741)	(68,677)	(2,170)	(70,847)
Transactions with owners in their capacity as owners									
Share-based payments	10	–	–	4,127	–	–	4,127	–	4,127
Transfer to statutory reserves		–	–	3,492	–	(3,492)	–	–	–
Total transactions with owners in their capacity as owners		–	–	7,619	–	(3,492)	4,127	–	4,127
Balance as at 30 June 2024 (Unaudited)		1,247	869,853	361,111	(509,656)	513,003	1,235,558	(17,038)	1,218,520

The accompanying notes on pages 40 to 64 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2025

	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)
Principal 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

The accompanying notes on pages 40 to 64 are an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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**").

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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**").

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information

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

	Drilling *RMB'000*	**Well completion** *RMB'000*	**Reservoir** *RMB'000*	**Others** *RMB'000*	**Total** *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 *RMB'000*	Well completion *RMB'000*	Reservoir *RMB'000*	Others *RMB'000*	Total *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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

	Drilling	**Well completion**	**Reservoir**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***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	Well completion	Reservoir	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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 *(Note 15)*	**(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 *(Note 16)*	**(28,493)**	(26,855)
Finance income *(Note 17)*	**2,086**	931
Finance costs *(Note 17)*	**(19,900)**	(19,301)
Loss before income tax	**(40,314)**	(68,734)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

	30 June 2025	31 December 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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group purchased items of property, plant and equipment at a total cost of RMB14,890,000 (six months ended 30 June 2024: RMB17,367,000) and a disposal of item of property, plant and equipment with a total net book value of RMB131,000 (six months ended 30 June 2024: RMB1,721,000).

During the six months ended 30 June 2025, additions to the right-of-use assets were RMB3,643,000 (six months ended 30 June 2024: RMB536,000).

6. INVENTORIES

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Project materials and consumables	**498,593**	496,255
Project-in-progress	**165,248**	128,686
	663,841	624,941
Less: provision for inventories	**(97,529)**	(95,819)
	566,312	529,122

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

7. 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, details of which have been set out in Note 11(a)(i) and 11(d)(i).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

8. 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	**70,110**	57,103
Receivable from sales of property, plant and equipment *(Note 23(b))*	**37,098**	37,752
Loan to a joint venture (a) *(Note 23(c))*	**–**	12,273
Loan to a third party (b)	**10,738**	–
Less: impairment loss	**(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) *(Note 23(c))*	**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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

9. 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

10. OTHER RESERVES

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Merger reserves	**(148,895)**	(148,895)
Share-based payments (a)	**219,268**	217,320
Statutory reserves	**93,543**	93,035
Capital reserves	**209,850**	209,850
Changes in fair value of equity investments at fair value through other comprehensive income	**(7,918)**	(9,247)
	365,848	362,063

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

10. OTHER RESERVES (CONTINUED)

(a) The Group adopted a share option scheme on 1 December 2011. The Group will continue to consider granting share options to eligible persons in accordance with the share option scheme to better achieve long-term talent incentives. On 31 March 2023, 185,300,000 share options were granted by the Company to certain directors and employees to subscribe for 185,300,000 ordinary shares of USD0.0001 each at an exercise price of HKD0.25.

These share options will be evenly vested over 3 years from the first anniversary of the grant date and exercisable within 10 years from the date of grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The numbers of the share options granted at the grant date and the outstanding share options as at 30 June 2025 and 31 December 2024 are as below:

Grant Date	**Expiry date**	**Exercise price** *HKD*	**The granted share option number** *(Thousands)*	**Outstanding share options 30 June 2025** *(Thousands)*	**Outstanding share options 31 December 2024** *(Thousands)*
31 August 2016	30 August 2026	0.49	130,000	98,668	98,668
26 September 2018	25 September 2028	0.74	60,000	58,300	58,300
6 December 2018	5 December 2028	0.53	37,000	37,000	37,000
31 March 2023	30 March 2033	0.25	185,300	185,300	185,300
Total		0.42	412,300	379,268	379,268
Weighted average remaining contractual life of options outstanding at end of period/year				4.91 years	5.41 years

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

10. OTHER RESERVES (CONTINUED)

Movements in the numbers of outstanding share options and their related weighted average exercise prices are as follows:

	Six months ended 30 June			
	2025		2024	
	Average exercise price per share options *HKD*	**Number of share options** *(Thousands)*	Average exercise price per share options *HKD*	Number of share options *(Thousands)*
As at 1 January	**0.42**	**379,268**	0.42	379,268
Granted	**–**	**–**	–	–
Forfeited	**–**	**–**	–	–
Expired	**–**	**–**	–	–
Vested and exercisable as at 30 June	**0.42**	**379,268**	0.42	379,268

Total expenses arising from share-based payment transactions recognised during the six months ended 30 June 2025 as part of employee benefit expenses were RMB1,948,000 (six months ended 30 June 2024: RMB4,127,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

11. BORROWINGS

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Long-term borrowings:		
– Bank loans, secured (a)	**66,598**	69,466
– Loans from third party, secured (b)	**101,456**	95,158
– Loans from a third party, unsecured (c)	**5,726**	5,751
	173,780	170,375
Less:		
Non-current portion of long-term borrowings		
– Bank loans, secured (a)	**18,589**	23,522
– Loans from third party, secured (b)	**29,368**	31,552
Non-current portion of long-term borrowings	**47,957**	55,074
Current portion of long-term borrowings	**125,823**	115,301
Short-term borrowings:		
– Bank loans, secured (d)	**415,886**	393,000
– Bank loans, unsecured (e)	**19,814**	20,000
– Loans from third party, secured (f)	**–**	20,000
– Loans from a third party, unsecured (g)	**23,000**	23,000
	458,700	456,000

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

11. BORROWINGS (CONTINUED)

Notes:

(a) Long-term secured bank loans comprise:

(i) A loan of RMB65,000,000 (2024: RMB67,500,000) bears interest at a rate of 5% to 5.5% (2024: 5.5%) per annum, and is secured against the right of collecting certain trade receivables.

(ii) A loan of RMB1,598,000 (2024: RMB1,966,000) bears interest rate at 3-month swap offer rate plus 3.5% (2024: 3-month swap offer rate plus 3.5%) per annum, and are secured against a right-of-use asset and a guarantee provided by the Company. During the six months ended 30 June 2025, the average interest rate was 1.82% (2024: 2.97%).

(b) The Group's long-term secured loans from third party financial institutions bear interest at rates ranging from 4.49% to 7.81% (2024: 4.49% to 7.81%), and are secured against certain machinery with carrying amount of RMB154,582,000 (2024: RMB144,304,000) and a guarantee provided by a subsidiary of the Group.

(c) The Group's long-term unsecured loan from a third party bears interest at a rate of 10% per annum (2024: 10%).

(d) Short-term secured bank loans comprise:

(i) Loans totalling RMB88,000,000 (2024: RMB100,000,000) bear interest at a rate ranging from 5.00% to 5.50% (2024: 5.00% to 5.50% per annum), and are secured against the right of collecting certain trade receivables.

(ii) Loans totalling RMB105,000,000 (2024: RMB85,000,000) bear interest at rates ranging from 2.98% to 5.51% (2024: 3.05% to 5.26%) per annum, and guaranteed by a third party guarantee company with counter-guarantees provided by a subsidiary of the Group.

(iii) Loans totaling RMB222,886,000 (2024: RMB208,000,000) bear interest ranging from 2.30% to 4.76% (2024: 2.30% to 4.50%) per annum, with guarantees provided by subsidiaries of the Group.

(e) The Group's short-term unsecured bank loans bear interest ranging from 1.50% to 4.60% (2024: 1.50% to 4.60%).

(f) As at 31 December 2024, the loan from third party institution with interest 5.10% per annum, with guarantees provided by a subsidiary of the Group through pledged of a land use right of RMB17,900,000. The loan was fully repaid during the six months ended 30 June 2025.

(g) The Group's unsecured loan from a third party bears interest at a rate of 6% per annum (2024: 6%)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

11. BORROWINGS (CONTINUED)

Notes (Continued):

(h) The exposure of the Group's borrowings are as follows:

	30 June 2025 *RMB'000*	31 December 2024 *RMB'000*
Fixed-rate borrowings	**595,882**	594,409
Variable-rate borrowings	**36,598**	31,966
	632,480	626,375

(i) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2025 *RMB'000*	31 December 2024 *RMB'000*
Fixed-rate borrowings	**1.50% to 10.00%**	1.50% to 10.00%
Variable-rate borrowings	**1.82% to 3.20%**	2.97% to 3.20%

(j) The Group's borrowings are analysed as below:

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
RMB	**625,156**	618,659
USD	**5,726**	5,751
SGD	**1,598**	1,965
	632,480	626,375

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

11. BORROWINGS (CONTINUED)

Notes (Continued):

(k) The maturities of the Group's total borrowings are as follows:

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Within 1 year	**584,523**	571,301
1 year to 2 years	**22,599**	53,002
2 years to 5 years	**25,358**	2,072
	632,480	626,375

12. 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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

13. ACCRUALS AND OTHER PAYABLES

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Payroll and welfare payable	**53,895**	91,270
Taxes other than income taxes payable	**13,836**	31,685
Other payables – related parties *(Note 23(d))*	**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

14. DEFERRED INCOME TAXATION

The movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction (if any), is as follows:

Deferred income tax assets

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At beginning of the period	**109,027**	118,168
Credited to income statement *(Note 18)*	**3,164**	3,125
Currency translation difference	**(96)**	(2,381)
At end of the period	**112,095**	118,912

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

14. DEFERRED INCOME TAXATION (CONTINUED)

Deferred income tax liabilities

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
At beginning of the period	**27,355**	29,021
Charged/(credited) to the income statement *(Note 18)*	**5**	(2,479)
At end of the period	**27,360**	26,542

Deferred income tax assets and liabilities are presented net to the condensed consolidated statement of financial position through setting-off of right-of-use assets and lease liabilities of RMB2,898,000 as at 30 June 2025 (2024: RMB2,700,000).

15. EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Wages, salaries and allowances	**223,537**	234,109
Housing benefits	**9,251**	10,136
Pension costs	**36,056**	39,721
Share-based payments	**1,948**	4,127
Welfare and other expenses	**14,232**	14,626
	285,024	302,719

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

16. EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Loss on disposal of property, plant and equipment	**85**	449
Sales tax and surcharges	**3,257**	3,030
Depreciation		
– Right-of-use assets (include land use rights)	**3,531**	2,943
– Property, plant and equipment	**24,429**	23,390
Amortisation of intangible assets	**533**	522
Write-down of inventories	**1,710**	8,627

17. 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 gain 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)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

18. 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% (2024: 5% to 30%).

19. DIVIDEND

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

20. 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)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

20. LOSS PER SHARE (CONTINUED)

(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.

21. CONTINGENCIES

As at 30 June 2025, the Group did not have material contingent liabilities or guarantees.

22. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the financial period/year but not yet incurred is as below:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Property, plant and equipment	**9,586**	12,235
Exploration and evaluation	**41,479**	42,458

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

23. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties for the six months ended 30 June 2025 and 2024:

(a) Key management compensation

Key management includes directors and members of senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Salaries and other short-term benefits	**3,960**	5,354
Share-based payments	**534**	2,285
Retirement benefits and others	**660**	695
	5,154	8,334

(b) Outstanding balances arising from sales of property, plant and equipment

	30 June	31 December
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Other receivables *(Note 8)*		
– a joint venture	**37,098**	37,752

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loan to a joint venture

	30 June 2025 *RMB'000* **Unaudited**	31 December 2024 *RMB'000* Audited
Loan to a joint venture *(Note 8)*	**12,551**	12,273

(d) Transactions with related parties

On 21 January 2022, pursuant to the exclusive Call Option Agreement entered into between SPT Energy (Hong Kong) Limited ("**SPT HK**") and several companies ("**Non-controlling Shareholders**") owned by Preference Shareholders as stated in the prospectus of the Company dated 14 December 2011, SPT HK has exercised the call options with respect to Non-controlling Shareholders. Accordingly, SPT HK shall acquire a total of 350,000 preference shares from Non-controlling Shareholders by way of an instrument of transfer at a total consideration of SGD3,200,000 (the "**Transactions**"). The Transactions had been completed in 2022 with the consideration (equivalent to RMB14,872,000) yet to be paid.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of right-of-use assets, financial assets at fair value through other comprehensive income, trade and note receivables, other receivables, restricted bank deposits, cash and cash equivalents, trade and note payables, lease liabilities and borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the financial assets at fair value through other comprehensive income is based on quoted market prices at the end of the six months ended 30 June 2025. The quoted market price used for financial assets held by the Group is the current bid price.