

SPT 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



2026 INTERIM REPORT



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Corporate Information

THE BOARD

Executive Directors

Mr. Ethan Wu (*Chairman and Chief Executive Officer*)

Mr. Li Qiang

Mr. Ding Kechen (*resigned with effect from 26 March 2026*)

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

5/F, Hongmao Commercial Building

Jia No. 8 Hongjunying East Road

Chaoyang District

Beijing

PRC

(postal code: 100012)

Corporate Information

REGISTERED OFFICE

P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

CCTH CPA Limited
Unit 1510-1517, 15/F, Tower 2
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 2026, the global economic recovery continued to slow down. The combined effects of multiple factors, including intensified geopolitical conflicts, recurring international trade frictions and the accelerated global energy transformation, significantly intensified volatility in the international energy market. The International Monetary Fund (“IMF”) released the World Economic Outlook Report in July 2026, in which the global economic growth forecast for the current year was revised downward to 3.0%, highlighting the overall downside risks to the economy. The weakening macroeconomic environment, coupled with wide fluctuations in crude oil prices, dampened the willingness of oil and gas companies to undertake medium – to long-term capital expenditure. The International Energy Agency (“IEA”) stated in the “World Energy Investment 2026” that capital expenditure on upstream oil and gas exploration and development worldwide was expected to amount to approximately US\$546 billion in 2026, remaining broadly stable compared with 2025. Capital investment in the industry remained at a low level, with investment attitudes becoming more prudent. The accelerated low-carbon transformation of the global energy and continued fluctuations in international oil prices heightened uncertainty and operational costs in exploration and development, at the same time, sluggish global economic growth also led to a slowdown in the expected growth of oil and gas demand, further lowering expectations for capital returns on investment. Affected by it, major oil companies generally optimized their investment structures and focused on high-return, high-quality resource blocks. Market competition continued to intensify, placing pressure on the overall operating environment of the oilfield services industry.

During the Period, the Group recorded revenue of RMB725.7 million, representing a decrease of RMB21.5 million, or 2.9% from the same period of the previous year; and recorded profit for the Period of RMB3.9 million, as compared to the loss of RMB48.1 million for the same period of the previous year. In terms of revenue by region, revenue from the PRC market amounted to RMB319.2 million, representing a decrease of RMB78.0 million, or 19.6% as compared with the same period of the previous year, and accounted for 44.0% of the total revenue. Revenue from the overseas markets amounted to RMB406.5 million, representing an increase of RMB56.5 million, or 16.1% as compared with the same period of the previous year, and accounted for 56.0% of the total revenue.

Management Discussion and Analysis

Against the external environment of sluggish global economic growth, prudent investment in the upstream oil and gas sector and increasingly fierce market competition, in the first half of 2026, the Group steadily implemented its established operating strategies and proactively addressed the operating pressure arising from the downward industry cycle by focusing on core technology research and development, refined operational management and control, and domestic and overseas market layout. The specific measures are as follows: firstly, the Group deepened independent technological innovation and built core competitive advantages. The Group adhered to driving business development through technological innovation and carried out dedicated research to address core technical challenges in the industry, including ultra-deep wells, high-temperature and high-pressure operations, and unconventional oil and gas operations, efficiently resolving operational difficulties faced by customers. Leveraging its continuously strengthened independent research and development capabilities and full utilization of advantages in integrated comprehensive services, the Group established differentiated barriers to market competition and consolidated its leading position in the industry. Secondly, the Group fully implemented refined management and continued to improve quality and efficiency. The Group strengthened its refined operational management and control, continuously optimized its internal management efficiency, enhanced its project cost, cash flow and risk management and control systems, implemented cost reduction and efficiency enhancement targets at each level, and improved operational efficiency and risk resilience. The Group applied lean management and control throughout the main phases of operation, including drilling, well completion, reservoir services and carbon capture, utilization and storage (“**CCUS**”) low-carbon businesses, promoting the concentrated allocation of core resources to high-return and high-quality projects and striving to improve operational efficiency. Through measures to improve quality and efficiency across the entire business chain, the Group laid a solid foundation for its high-quality and sustainable development. Thirdly, the Group optimized and adjusted its market layout and continued to optimize its business structure. The Group deepened its presence in its core oil and gas technical services business and consolidated its market shares in existing mature markets at home and abroad. Leveraging its technological and resource advantages, the Group expanded its overseas oil and gas exploration and production business, precisely assessed market opportunities, prudently built its presence in markets with long-term potential, and steadily advanced its international development strategy. Meanwhile, the Group continued to deepen strategic cooperation with core customers, enhanced its whole-life-cycle management capabilities for overseas projects, optimized and adjusted its business structure, and further strengthened the Group’s operational resilience.

The Group has consistently adhered to a prudent financial policy and remained committed to the principle of stable operation and development, which has enabled the Group to maintain solid risk resilience and sufficient flexibility for operational adjustments amid a complex macroeconomic environment and industry transformation and adjustments, thereby providing solid support for the implementation of its various operating strategies and the stable development of its business.

Management Discussion and Analysis

REVENUE ANALYSIS

During the Period, the Group recorded revenue of RMB725.7 million, representing a decrease of RMB21.5 million or 2.9% from the same period of the previous year. The analysis of the Group's revenue by business segments are as follows:

Revenue	Six months ended 30 June		
	2026 RMB'000	2025 RMB'000	Change (%)
Reservoir	318,310	305,314	4.3%
Drilling	241,760	207,393	16.6%
Well completion	72,636	148,333	(51.0%)
Exploration and production	20,333	—	—
Others	72,630	86,176	(15.7%)
Total	725,669	747,216	(2.9%)

Revenue from reservoir segment amounted to RMB318.3 million, representing an increase of RMB13.0 million or 4.3% from the same period of the previous year, accounting for 43.9% of the total revenue. Revenue from drilling segment amounted to RMB241.8 million, representing an increase of RMB34.4 million or 16.6% from the same period of the previous year, accounting for 33.3% of the total revenue. Revenue from well completion segment amounted to RMB72.6 million, representing a decrease of RMB75.7 million or 51.0% from the same period of the previous year, accounting for 10.0% of the total revenue. Revenue from the newly added exploration and production segment amounted to RMB20.3 million, representing 2.8% of the total revenue. Revenue from other segments amounted to RMB72.6 million, representing a decrease of RMB13.5 million or 15.7% from the same period of the previous year, accounting for 10.0% of the total revenue.

Management Discussion and Analysis

RESERVOIR SERVICE SEGMENT

Revenue from reservoir segment	Six months ended 30 June		
	2026 RMB'000	2025 RMB'000	Change (%)
Overseas	157,943	135,185	16.8%
PRC	160,367	170,129	(5.7%)
Total	318,310	305,314	4.3%

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 RMB318.3 million, representing an increase of RMB13.0 million or 4.3% as compared to the same period of the previous year. Revenue from the overseas reservoir segment amounted to RMB157.9 million, representing an increase of RMB22.8 million or 16.8% as compared to the same period of the previous year. The increase in revenue from the overseas reservoir segment was primarily attributable to the sustained full workload of oil testing service and mud logging service in the Middle East. Revenue from the reservoir segment in the PRC market amounted to RMB160.4 million, representing a decrease of RMB9.8 million or 5.7% 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.

DRILLING SERVICES SEGMENT

Revenue from drilling segment	Six months ended 30 June		
	2026 RMB'000	2025 RMB'000	Change (%)
Overseas	198,202	122,676	61.6%
PRC	43,558	84,717	(48.6%)
Total	241,760	207,393	16.6%

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 RMB241.8 million, representing an increase of RMB34.4 million or 16.6% as compared to the same period of the previous year. Revenue from drilling segment in the overseas market amounted to RMB198.2 million, representing an increase of RMB75.5 million or 61.6% as compared to the same period of the previous year. Such increase was mainly attributable to the increased volume of drilling activities in Indonesia and workover operations in the Middle East. As for drilling segment in the PRC market, it recorded revenue of RMB43.6 million, representing a decrease of RMB41.2 million or 48.6% as compared to the same period of the previous year. The decrease was mainly attributable to a decrease in the output value of domestic CCUS drilling projects of the Group during the Period, and the Group's optimization of its drilling business structure during the Period.

WELL COMPLETION SERVICE SEGMENT

Revenue from well completion segment	Six months ended 30 June		
	2026 RMB'000	2025 RMB'000	Change (%)
Overseas	30,035	92,140	(67.4%)
PRC	42,601	56,193	(24.2%)
Total	72,636	148,333	(51.0%)

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 RMB72.6 million, representing a decrease of RMB75.7 million or 51.0% as compared to the same period of the previous year. Revenue from the overseas well completion segment amounted to RMB30.0 million, representing a decrease of RMB62.1 million or 67.4% as compared to the same period of the previous year. Such decrease was primarily attributable to a substantial decrease in the volume of the well completion trading business in Turkmenistan and Indonesia, as well as a decrease in the volume of the fracturing business in Kazakhstan. In terms of well completion segment in the PRC market, it recorded revenue of RMB42.6 million, representing a decrease of RMB13.6 million or 24.2% as compared to the same period of the previous year. Such decrease was primarily attributable to the delay in well completion trading in Xinjiang region.

Management Discussion and Analysis

EXPLORATION AND PRODUCTION SEGMENT

Revenue from exploration and production segment	Six months ended 30 June		
	2026 RMB'000	2025 RMB'000	Change (%)
Overseas	20,333	—	—
PRC	—	—	—
Total	20,333	—	—

Currently, the exploration and production segment of the Group mainly includes businesses relating to oil and natural gas exploration and extraction operations.

During the Period, the Group's revenue from the newly added exploration and production segment amounted to RMB20.3 million, representing an increase of RMB20.3 million as compared to the same period of the previous year. Revenue from overseas markets amounted to RMB20.3 million, representing an increase of RMB20.3 million as compared to the same period of the previous year, which was mainly derived from the oilfield exploration and production business in Peru, South America.

OTHER SEGMENTS

Revenue from other segments	Six months ended 30 June		
	2026 RMB'000	2025 RMB'000	Change (%)
Overseas	—	—	—
PRC	72,630	86,176	(15.7%)
Total	72,630	86,176	(15.7%)

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 RMB72.6 million, representing a decrease of RMB13.5 million or 15.7% as compared to the same period of the previous year. Revenue from the PRC market amounted to RMB72.6 million, representing a decrease of RMB13.5 million or 15.7% as compared to the same period of the previous year, which was mainly due to the decrease in sales business of natural gas in Xinjiang region.

Management Discussion and Analysis

MARKET ENVIRONMENT

In 2026, affected by factors such as intensifying geopolitical tensions, diverging global economic recovery and an accelerating energy transition, the global oil and gas industry continued its structural adjustment, with market volatility increasing significantly. In the international market, the geopolitical confrontation among the United States, Israel and Iran continued to escalate, and shipping through the Strait of Hormuz was repeatedly disrupted. The heightened risk of supply disruptions drove up global oil price, resulting in substantial fluctuations in Brent crude oil prices, while the global energy supply chain remained under pressure. According to the World Economic Outlook published by the IMF in July 2026, the forecast for full-year global economic growth was revised downwards to 3.0%. Sluggish growth in advanced economies, divergent trends among emerging market economies and continued uncertainty surrounding the economic recovery continued to suppress crude oil consumption. On the demand side, the Monthly Oil Market Report released by the Organization of the Petroleum Exporting Countries (“OPEC”) in June indicated that the global oil demand growth forecast for 2026 was revised down to 970,000 barrels per day, with demand growth remaining at a low level. On the supply side, production capacity in non-OPEC oil-producing countries was steadily brought on stream, while OPEC+ continued to implement its production increase policy. As a result, global oil supply continued to grow faster than demand, and the relatively loose supply-demand balance in the market became increasingly apparent. In the PRC market, the 15th Five-Year Plan for the Construction of a New Energy System 《新型能源體系建設“十五五”規劃》, issued by the National Development and Reform Commission and the National Energy Administration, continued to advance the strategy of coordinating energy security with the low-carbon transition. Efforts were focused on building a resilient energy security system, maintaining stable investment in oil and gas exploration and development, and consolidating the foundation of energy supply. At the same time, the low-carbon transition of the energy structure was accelerated, emerging business formats such as renewable energy, carbon capture, utilisation and storage, and supporting new-energy applications in oilfields were fostered, and the integrated development of the traditional oil and gas industry and the low-carbon new energy industry was advanced. Overall demand in the PRC market remained stable. In response to changes in the market environment, external uncertainties and domestic policy opportunities, the Group adopted multiple measures to coordinate and advance the following key initiatives: Firstly, consolidating the fundamentals of the core traditional oil and gas services business, and concurrently expanding the petroleum exploration and development business. Through measures such as refined cost control and the optimization of project operational processes, the Group continuously solidifies the competitiveness of its core traditional oilfield services business; meanwhile, by leveraging its technological and resource advantages, the Group prudently expands the business of the exploration and development segment. Secondly, closely aligning with clients’ demands for green, intelligent, and integrated services to accelerate technological iteration and service model innovation. The Group continues to increase its investment in research and development to enhance service efficiency and added value, thereby consolidating its differentiated competitive advantages. Thirdly, proactively establishing a presence in potential markets such as low-carbon oilfield services and new energy supporting facilities. Capitalizing on policy opportunities presented by the energy transition, the Group builds up technological reserves centered around emerging business formats, including carbon capture, utilization and storage, and new energy supporting facilities for oilfields, to construct a new business paradigm featuring the synergistic development of traditional oil and gas and low-carbon new energy, thereby safeguarding the long-term and steady development of the Group.

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, Peru in South America, and the Middle East. During the Period, as global geopolitical competition continued to intensify and the turmoil in the Middle East drove sharp fluctuations in the international crude oil market, Brent crude oil prices experienced wide-ranging fluctuations. Furthermore, as market participants steadily lowered their expectations for global economic growth, the business environment for the oil and gas industry became increasingly complex, with market uncertainties remaining elevated. Facing a severe and volatile external environment, the Group actively responded to various challenges encountered in its overseas projects by continuously optimizing its business structure, deepening its presence in existing mature markets, and seizing opportunities in emerging markets, while strengthening its technological innovation capabilities and project delivery capabilities across the entire lifecycle. Leveraging the opportunities for energy cooperation under the "Belt and Road Initiative", the Group focused on its core overseas markets, including Central Asia, the Middle East, and Indonesia. On the one hand, it consolidated its existing business foundation and actively cultivated new growth drivers, further reinforcing the fundamentals of its core oilfield technical services business. On the other hand, it methodically expanded its oilfield exploration and development operations, driving its overseas segment to maintain steady progress while ensuring stability, and continuing to achieve new breakthroughs amid cyclical industry fluctuations.

Kazakhstan serves as the Group's core market in the Central Asian region. During the Period, notwithstanding the complex operating environment and various external uncertainties in Kazakhstan, the project team overcame various difficulties and steadily advanced all operational fronts. In terms of project operations, significant breakthroughs were made in core operations such as well testing, gas testing, and well completion at the oil and gas exploration area in shallow areas of the Caspian Sea near Atyrau. In terms of market expansion, the Kazakhstan region successively won bids for various tender projects including high-temperature well testing, water shutoff testing services, and multi-pad fracturing operations, with new orders exceeding 60 well operations, effectively expanding the scale of regional basic operations and enhancing market share in the Kazakhstan region. Meanwhile, the Kazakhstan region accelerated its technological innovation and successfully undertook the proppant fracturing trial project in carbonate reservoirs, effectively bridging the regional technological gaps in specialized processes. The above bid-winning achievements and technological breakthroughs ensured a stable performance for subsequent production and operations. In the Middle East region, each project team proactively responded to various risks and challenges amidst a volatile and complex geopolitical operating environment, upheld service standards, ensured operational quality and efficiency, and pursued a market-oriented approach driven by client and market needs. Through coordinated development across multiple business segments, the market scale in the Middle East region maintained steady growth, effectively driving sustained increases in output value and profitability. The Group continued to optimize its business layout in Iraq and has established a comprehensive oil and gas service system covering well workover and fishing, well cementing, mud logging, well logging, oil testing, reservoir dynamic monitoring, and oilfield tool accessories trading in Iraq. Integrated service capabilities and core market competitiveness in Iraq have continued to strengthen. The Indonesia market made simultaneous progress in its exploration and development and oilfield services businesses. In terms of the exploration and development segment, the Group has successfully completed the oil and well testing work for the key well in the Jabung Tengah Block, laying a solid foundation for subsequent exploration and development and supporting the Group's business expansion in the Indonesian oil and gas market. In terms of the oilfield technical services segment, the 1,000 HP drilling rig service project for an oil and gas field in South Sumatra operated

Management Discussion and Analysis

steadily. By virtue of its high-quality on-site performance, the project received high recognition from the owner and successfully completed the renewal of the project contract, establishing a solid reputation for the project department in the local oilfield services market, particularly in the field of drilling rig services, and significantly enhancing its brand influence and market visibility. Leveraging the synergistic advantages of the project, the Group continued to extend its reach into surrounding markets, injecting new momentum into the continued growth of the Group's overseas business. The Group's Peru project team steadily advanced the implementation of its core business and successfully signed a 30-year operating rights contract for Block VI of the Talara Oilfield in Peru. Following the completion of the takeover of the oilfield, the project team rapidly advanced the entire process of oilfield rectification, resumption of production and commercial production, achieving a major transformational breakthrough for the project. The oilfield successfully resumed oil production, with daily crude oil production increasing to approximately 1,600 barrels within a short period. As the Group's first overseas oilfield independently developed for commercial production, the successful resumption of production represents a key breakthrough in the Group's strategic layout in South America, and effectively expands the Group's portfolio of high-quality overseas assets. Going forward, the Peru project team will continue to deepen its presence in the local market, meticulously implement operational management measures to stabilize production, enhance efficiency, and improve quality at the oilfield, and continue to provide strong support for the Group's overall high-quality development and performance growth.

In the first half of 2026, the Group secured new orders of approximately RMB256.2 million in overseas service markets, accounting for approximately 40.8% of the Group's total new orders. In the first half of 2026, revenue from the overseas markets amounted to approximately RMB406.5 million, representing an increase of RMB56.5 million, or 16.1% as compared with the same period of the previous year.

PRC Market

In the first half of 2026, driven by the dual imperatives of ensuring energy supply and advancing the "dual carbon" strategy, the oilfield services industry in the PRC domestic market was characterised by capital expenditure remaining at a high level, increasingly stringent cost control and divergence in business structure. At the policy level, the 15th Five-Year Plan for the Construction of a New Energy System 《新型能源體系建設“十五五”規劃》, issued by the National Development and Reform Commission and the National Energy Administration, clearly called for increased investment in boosting oil and gas reserves and production, and intensified exploration and development of conventional large-scale oil and gas fields and unconventional resources such as shale oil and gas. Focusing on the four major areas of deep subsurface, deep sea, unconventional resources and mature oil and gas fields, the strategy of "stabilising oil production and increasing gas production" was steadily implemented, with efforts focused on making offshore and unconventional resources important pillars supporting stable domestic crude oil production. Development targets were established to maintain annual domestic crude oil production at approximately 200 million tonnes and achieve steady growth in natural gas production, providing clear policy guidance for the long-term development of the industry. According to data from the National Bureau of Statistics, domestic oil and gas production reached a record high for the corresponding period in the first half of 2026. Various regions steadily advanced efforts to increase reserves and production. Crude oil production by industrial enterprises above designated size reached 109.43 million tonnes, representing a year-on-year increase of 0.9%, while natural gas production reached 133.0 billion cubic metres, representing a year-on-year increase of 1.6%. Overall energy supply in the PRC domestic market remained stable, effectively offsetting the impact of volatility in overseas markets, and the industry as a whole demonstrated strong development resilience. Against this backdrop, the Group kept closely abreast of industry development trends, continued to deepen its presence in the domestic market, optimise its regional strategic layout and strengthen the enabling role of its core technologies. By adopting multiple measures in technological innovation, service upgrades and market expansion, the Group effectively alleviated the pressure arising from intensifying industry competition and continued to strengthen and consolidate its core competitive advantages.

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In the first half of 2026, the Group's operations in the PRC regional markets remained generally robust. The foundation of its traditional existing businesses was solid, and businesses in various core regions advanced steadily. As the core strategic market for the Group's oil and gas services in the domestic market, the Xinjiang region has high-quality and stable customer resources, with its service scope comprehensively covering the Tarim Oilfield, Xinjiang Oilfield, Sinopec Northwest Bureau, Tuha Oilfield, Qinghai Oilfield and various private oil and gas blocks. In the face of downward pressure on service prices resulting from customers' continued efforts to enhance quality and efficiency, as well as the low-price bidding strategies generally adopted in private blocks, the Group seized the opportunities arising from the industry recovery, leveraged technological innovation to overcome project execution bottlenecks, and effectively promoted steady growth in its core operating volumes within the region. In particular, the drilling business successfully won bids for a rotary geosteering service project and specialised turnkey contracts for drilling acceleration, which are expected to gradually contribute output value at scale over the next one to two years and are poised to become new growth drivers in the Xinjiang region. Reservoir technical services advanced simultaneously, with the ultra-high-temperature and ultra-high-pressure suction-type pressure-volume-temperature ("PVT") sampling business already generating output value at scale. The fibre-optic temperature and pressure monitoring project for gas storage successfully completed technical incubation and was officially contracted for implementation. The aforementioned business layout further consolidated the Group's competitive advantages in the high-end oilfield services sector in Xinjiang. In the Sichuan-Chongqing region, the Group's overall business operations remained stable. While consolidating its existing advantages, the Group actively expanded its business into markets such as Tianjin, Hebei and Jiangsu. In particular, for the reservoir business, the Group successfully won the bid for the natural gas well wireline well testing technical services project in the Sichuan-Chongqing region, further solidifying its business layout in the Sichuan-Chongqing regional market. Regarding the well completion business, the Group successfully completed the delivery of multiple batches of downhole safety valves, completion packers and other high-end completion tools, earning high recognition from customers for its reliable product quality, excellent technical performance and efficient delivery capabilities. In respect of regional market expansion, the Group also continued to exert its efforts. The permanent fiber-optic monitoring service project for gas mines progressed smoothly, and the Group has established clear intentions to enter into contracts with multiple customers regarding emerging businesses such as multi-stage fracturing tools and fiber-optic monitoring, continuing to tap into the incremental market space in the Sichuan-Chongqing region. In the field of new energy, the Group focused on the core area of CCUS, steadily advancing the implementation of benchmark projects and market-oriented expansion. During the period, the Group successfully completed two core projects, namely the exploration and site selection and exploratory well construction services for the million-tonne-scale CCUS project of National Energy Group Coal-to-Liquid Co. and the CCUS pilot test project of CHN Energy Yulin Chemical Co., Ltd., and its professional technical service capabilities were fully recognised by the customers. The Group will continue to follow up on subsequent cooperation opportunities for key projects and advance the development of its CCUS business in other regions in an orderly manner, continuously accumulating project experience and building its industry reputation, thereby laying a solid foundation for the Group's green and low-carbon transition and diversified high-quality development.

In the first half of 2026, the Group secured new orders of approximately RMB371.6 million in the domestic market, accounting for approximately 59.2% of the Group's total new orders. In the first half of 2026, revenue from the domestic market amounted to approximately RMB319.2 million, representing a decrease of RMB78.1 million, or 19.7% as compared with the same period of the previous year.

Management Discussion and Analysis

RESEARCH AND DEVELOPMENT (“R&D”) AND MANUFACTURING

The Group continues to adhere to the core strategy of “technology leading the development and innovation driving future”. Taking independent research and development as the mainline, and relying on technology integration, process upgrading and industrial application as the pathway, the Group continuously builds a technology system oriented towards the demands of deep earth, high-temperature and high-pressure, complex reservoirs, and energy transition. In response to the industry trend where oil and gas exploration and development continuously advance towards ultra-deep, ultra-high-temperature, ultra-high-pressure, high-sulfur and low-grade reservoirs, the Group continuously strengthens its technology-led efficiency, and transforms its research and development accomplishments into three core capabilities, namely standardized operations, equipment manufacturing and integrated services, thereby promoting the upgrade of traditional oilfield service business towards high technological content, high added value and high reliability.

In the field of reservoir technology, the Group continuously consolidates its technological advantages in the dynamic monitoring of reservoirs in ultra-deep, ultra-high temperature and ultra-high pressure wells (“**three-ultra wells**”), gradually forming a complete technology chain that covers downhole high-temperature and high-pressure (“**HTHP**”) data acquisition, fluid sampling, data processing and reservoir evaluation. Core instruments such as the 35,000 psi, 230°C HTHP-resistant pressure gauges and HTHP downhole pressure-retaining PVT samplers have been put into field application, marking that the Group's downhole sensing and fluid sampling technologies under extreme working conditions have reached an internationally leading level. Relevant technologies have been validated in HTHP exploration wells, scientific exploration wells and various major key oil and gas field projects, providing high-quality data support for the dynamic evaluation of oil and gas reservoirs, reservoir characterization, and the optimization of development plans. During the period, the Group completed the distributed optical fiber monitoring technology service inside a deep well pipeline of a gas storage facility in a certain oilfield, which further enhanced the Group's technological advantages in this field.

In the field of drilling technology, the Group continuously carries out technological breakthroughs centered on speed and efficiency enhancement, drilling in complex strata, and integrated drilling services. Targeting key oilfields in Xinjiang, the Group implements integrated drilling speed-up supporting technologies which are implemented in key oilfields in Xinjiang. Through the optimization of drilling tool assemblies, drilling fluid systems, rotary steerable tools and dynamic operational parameters, drilling records in the block have been repeatedly broken during operations in both vertical wells and horizontal sections, effectively improving the rate of penetration (ROP), shortening the well construction cycle, and reducing comprehensive drilling costs. At the same time, the Group deepens the development of high-temperature and oil-based mud resistant screw drilling tools and supporting extended technical services, continuously strengthening its core technological competitiveness in the development of complex structural wells, long horizontal wells, and deep oil and gas resources. In addition, the ultra-deep slim-hole complex handling technology of the Group has formed a standardized and highly efficient construction process targeting the operation scenarios of key exploration wells in deep layers and high-pressure gas wells. It can efficiently resolve difficult industry problems such as downhole debris jams, perforating pipe string jams, and dropped gun connector follow-up rotation. Multiple highly difficult workover operations have been successfully completed in regions such as the southern margin of the Junggar Basin and the Tarim Basin through the technology, effectively resolving difficulties such as wellbore blockage and pipe string sticking, with significant improvements in operation efficiency and safety, therefore further strengthening the Group's industry advantage in the field of complex wellbore management.

Management Discussion and Analysis

In the field of well completion technology, the ultra-deep and high-pressure well completion operations completed by the Group in the southern margin of the Junggar Basin and the Tarim Basin in Xinjiang have continuously maintained domestic records for the difficulty and depth of well completion operations, marking that the Group has formed a comprehensive technological system in the field of ultra-deep well completion technology and possesses the technical strength to cope with the world's most stringent geological conditions. High-end well completion tools such as 25,000 psi and 20,000 psi downhole safety valves and full-bore dissolvable sliding sleeves, have been successfully applied in multiple key exploration and development wells in China with stable and reliable performance, gaining high recognition from property owners and consolidating the foundation of independent controllability of core equipment for domestic ultra-high pressure well completion. In addition, following the obtainment of the American Petroleum Institute (“API”) certification, Tianjin Well Completion Tool R&D and Manufacturing Plant has continuously improved its quality management system and full-process production capacity construction, integrally coordinated the R&D, manufacturing and on-site technical services of well completion tools, and continuously consolidated the Group's leading position in the field of ultra-deep, high-temperature and high-pressure well completion business.

In the field of exploration and production technology, the Group's Peru project in the South America region has officially taken over the operations of Block VI of the Talara Oilfield. Leveraging the Group's mature integrated technology system and professional production and operation team, the production resumption of the project has been advanced in an orderly manner. The daily crude oil production increased to approximately 1,600 barrels within a short period with the oilfield production system gradually entering into a stable operation stage. The natural gas production was resumed simultaneously. During the Period, the project achieved a cumulative production of approximately 39,000 barrels of crude oil and approximately 110 million cubic feet of natural gas, representing an aggregate oil and gas production of approximately 58,000 barrels of oil equivalent, fully demonstrating the Group's capabilities in the rapid takeover, production recovery, and comprehensive operation management of mature oilfields. Going forward, by integrating its proprietary technological advantages, the Group will optimize oil recovery schemes and production regimes, actively advance operational measures including complex workovers, perforation interval changes, and fracturing stimulations, and deeply tap into the residual resource potential of the mature oilfield, with an aim to drive the project from rapid production resumption to sustained production enhancement and highly efficient development, thereby realizing the industrialized implementation of the Group's self-developed technologies in the overseas market.

The Group will continue to drive high-quality development through technological innovation. The Group will deepen its technology in deep-earth high-temperature and high-pressure complete sets of technologies, high-end downhole tools, core instruments, and the integrated drilling and completion services, and consolidate the dual-track development pattern of “traditional business continuing to lead the market while emerging fields achieving breakthroughs in innovation”, so as to continuously create comprehensive development value for upstream and downstream customers and lay a solid core technological foundation for the steady operation and long-term sustainable development of the enterprise.

Management Discussion and Analysis

HUMAN RESOURCES

The remuneration of the Group's employees was determined based on market conditions, employee's position and duty, and annual performance. The Group also regularly reviewed and continuously optimised its remuneration system. In the first half of 2026, closely aligned with the Group's strategic layout, we synergistically promoted talent allocation and performance incentives, while continuously conducting employee training. There were 397 training sessions in total in the first half of 2026, including online and offline trainings, with 5,891 participants and 63,342 training hours cumulatively.

As of 30 June 2026, the Group had 3,407 employees, representing an increase of 82 employees compared to 31 December 2025.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2026, the Group realized a revenue of RMB725.7 million, representing a year-on-year decrease of RMB21.5 million, or 2.9% from RMB747.2 million for the same period of the previous year.

Other losses, net

For the six months ended 30 June 2026, the Group recorded other losses, net of RMB2.1 million, as compared with other losses, net of RMB7.4 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 2026, the Group's material costs amounted to RMB149.3 million, representing a year-on-year decrease of RMB51.2 million, or 25.5% from RMB200.5 million for the same period of the previous year. Such decrease was mainly due to the changes in business structure.

Employee benefit expenses

For the six months ended 30 June 2026, the Group's employee benefit expenses were RMB237.6 million, representing a year-on-year decrease of RMB47.4 million, or 16.6% from RMB285.0 million for the same period of the previous year. Such decrease was mainly due to the adjustment of the Group's business structure and the continuous optimization of overall personnel efficiency.

Short-term and low-value lease expenses

For the six months ended 30 June 2026, the Group recorded short-term and low-value lease expenses of RMB61.9 million, representing a year-on-year increase of RMB9.1 million, or 17.2% from RMB52.8 million for the same period of the previous year.

Management Discussion and Analysis

Transportation costs

For the six months ended 30 June 2026, the Group's transportation costs amounted to RMB12.7 million, representing a year-on-year increase of RMB2.0 million, or 18.7% from RMB10.7 million for the same period of the previous year.

Depreciation and amortisation

For the six months ended 30 June 2026, the Group's depreciation and amortisation was RMB27.7 million, representing a year-on-year decrease of RMB0.8 million, or 2.8% from RMB28.5 million for the same period of the previous year.

Technical service expenses

For the six months ended 30 June 2026, technical service expenses of the Group were RMB128.2 million, representing a year-on-year increase of RMB39.5 million, or 44.5% from RMB88.7 million for the same period of the previous year. Such increase was mainly due to the changes in business structure.

Royalty fee

For the six months ended 30 June 2026, the Group's royalty fee amounted to RMB3.3 million. The increase was mainly attributable to the exploitation royalty fee payable to the Peruvian government pursuant to the contract upon obtaining oil and gas products through extraction operations at the newly added oilfield in Peru.

Reversal of impairment losses/(Impairment losses) on assets

For the six months ended 30 June 2026, the Group recorded reversal of impairment losses on assets of RMB5.6 million, compared to impairment losses on assets of RMB7.3 million for the same period of the previous year.

Others

For the six months ended 30 June 2026, the Group's other operating costs were RMB84.7 million, representing a year-on-year decrease of RMB4.4 million, or 4.9% from RMB89.1 million for the same period of the previous year.

Operating profit/(loss)

In view of the above reasons, the Group's operating profit during the Period was RMB23.8 million, as compared to an operating loss of RMB22.7 million for the same period of the previous year.

Finance costs, net

For the six months ended 30 June 2026, the Group's finance costs, net, were RMB11.7 million, representing a year-on-year decrease of RMB6.1 million, or 34.3% from RMB17.8 million for the same period of the previous year.

Management Discussion and Analysis

Share of net profits of an associate and a joint venture accounted for using the equity method

For the six months ended 30 June 2026, the Group's share of net profits of an associate and a joint venture accounted for using the equity method was RMB0.3 million.

Income tax expense

For the six months ended 30 June 2026, the income tax expense was RMB8.5 million, compared with the income tax expense of RMB7.8 million for the same period of the previous year.

Profit/(loss) for the Period

As a result of the explanations above, the Group's profit for the Period was RMB3.9 million, as compared to a loss of RMB48.1 million for the same period of the previous year.

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

For the six months ended 30 June 2026, the profit attributable to equity holders of the Company was RMB5.5 million, as compared to a loss attributable to equity holders of the Company of RMB47.9 million for the same period of the previous year.

Property, plant and equipment

As at 30 June 2026, property, plant and equipment were RMB344.0 million, representing a decrease of RMB8.4 million, or 2.4% from RMB352.4 million as at 31 December 2025. Such decrease was mainly due to provisions made for the depreciation of property, plant and equipment.

Right-of-use assets

As at 30 June 2026, the carrying value of right-of-use assets amounted to RMB41.0 million, representing a decrease of RMB1.0 million, or 2.4% from RMB42.0 million as at 31 December 2025.

Intangible assets

As at 30 June 2026, intangible assets were RMB12.2 million, representing a decrease of RMB0.2 million, or 1.6% from RMB12.4 million as at 31 December 2025.

Deferred income tax assets

As at 30 June 2026, deferred income tax assets were RMB119.8 million, representing an increase of RMB2.3 million, or 2.0% from RMB117.5 million as at 31 December 2025.

Management Discussion and Analysis

Prepayments and other receivables

As at 30 June 2026, the non-current portion of prepayments and other receivables was RMB0.0 million, as compared to RMB12.7 million as at 31 December 2025. As at 30 June 2026, the current portion of prepayments and other receivables was RMB273.0 million, as compared to RMB266.1 million as at 31 December 2025.

Inventories

As at 30 June 2026, inventories were RMB548.5 million, representing an increase of RMB18.9 million, or 3.6% from RMB529.6 million as at 31 December 2025. The increase was mainly due to an increase in amount of uncompleted work.

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

As at 30 June 2026, contract assets, trade and note receivables were RMB554.9 million, representing a decrease of RMB60.0 million, or 9.8% from RMB614.9 million as at 31 December 2025. The decrease was mainly due to more timely collection of accounts receivable during the Period. As at 30 June 2026, contract liabilities, trade and note payables were RMB502.8 million, representing a decrease of RMB120.3 million, or 19.3% from RMB623.1 million as at 31 December 2025. Such decrease was mainly due to more prompt payments to suppliers.

Liquidity and capital resources

As at 30 June 2026, the Group's cash and bank deposits, including cash and cash equivalents and restricted bank deposits, were RMB211.8 million, representing a decrease of RMB202.0 million, or 48.8% from RMB413.8 million as at 31 December 2025.

As at 30 June 2026, the Group's short-term borrowings and the current portion of long-term borrowings was RMB497.4 million, while the long-term borrowings were RMB53.7 million. As at 31 December 2025, the current portion of the Group's short-term borrowings and long-term borrowings was RMB552.7 million, while the long-term borrowings were RMB95.8 million. As at 30 June 2026, the bank borrowings of the Group were mainly denominated in RMB and were subject to fixed interest rates.

As at 30 June 2026, the Group's current lease liabilities amounted to RMB4.3 million and the non-current lease liabilities amounted to RMB7.0 million. As at 31 December 2025, the Group's current lease liabilities amounted to RMB5.9 million and the non-current lease liabilities amounted to RMB5.5 million.

As at 30 June 2026, the Group's gearing ratio was 64.2%, representing a decrease of 9.9% as compared with 74.1% as at 31 December 2025. Gearing ratio was calculated as interest-bearing liabilities and lease liabilities divided by total equity.

Management Discussion and Analysis

Capital structure

The capital of the Company comprises only ordinary shares. As at 30 June 2026, the total number of ordinary shares of the Company in issue was 1,954,143,999 shares (31 December 2025: 1,954,135,999 shares). As at 30 June 2026, equity attributable to the equity holders of the Company was RMB877.1 million, representing a decrease of RMB13.7 million, or 1.5% from RMB890.8 million as at 31 December 2025.

Significant investment held

As at 30 June 2026, 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 2026, 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 2026 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>
Right-of-use assets	562	1,073
Trade and note receivables	124,250	154,000

Assets pledged to secure the loans from a third-party institution

The Group's loans from a third-party financial institution will expiry from 2026 to 2028 and are secured by certain machinery with a carrying amount of RMB130,636,000 (2025: RMB152,274,000), and guaranteed by certain subsidiaries of the Group.

Foreign exchange risk

Fluctuations in exchange rates of Tenge ("KZT") and USD have exposed the Group to foreign currency exchange risk. Currently, certain sales to and purchases from overseas of the Group 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 2026, the exchange rates of KZT against RMB experienced an overall increase, while the exchange rate of USD against RMB saw an overall decrease 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.

Management Discussion and Analysis

Contingent liabilities

As at 30 June 2026, the Group had no material contingent liabilities.

Off-balance sheet arrangements

As at 30 June 2026, the Group had no off-balance sheet arrangements.

Capital commitments

As at 30 June 2026, the Group had capital expenditure commitments of RMB28.8 million.

SUBSEQUENT WORK PLANS

In the second half of 2026, the external environment will remain complex and volatile, and the uncertainties within the oilfield services industry will continue to be prominent. Based on the actual situation of current operations, the Group will unswervingly deepen its strategic transformation and fully implement the crucial tasks of improving quality and enhancing efficiency. Adhering to the development strategy of “deepening the presence in mature domestic and overseas markets, focusing on the layout of high-value overseas projects, and driving value growth through lean management”, the Group will stick to a performance-oriented approach, strive to enhance operational quality and efficiency, and lay a solid foundation for long-term and stable growth. To this end, we will continue to deepen the following key aspects of our work:

1. Continue to optimize its global market layout, driving synergistic development among the Group’s three major business segments. Centering on the medium and long-term operational goal of “diversified synergy, quality improvement, and efficiency enhancement”, the Group will promote the synergistic development of its three major business segments, namely oilfield technical services, oilfield exploration and development and new energy. Relying on the interoperability of resources and technological complementarity among these segments, the Group will lay a solid foundation for long-term and steady development. As the core business of the Group, the oilfield technical services segment will continue to deepen its penetration in the deep and unconventional oil and gas sectors in China, actively seize the incremental market opportunities in ultra-deep wells and unconventional oil and gas, stimulated by the domestic energy supply guarantee strategy, and focus on developing integrated high-end technical services. Meanwhile, regarding the overseas market, the Group will vigorously expand into potential markets in the Middle

Management Discussion and Analysis

East, Southeast Asia, and along the “Belt and Road” initiatives, so as to ensure the efficient operation of existing projects. The Group will proactively divest inefficient businesses and those subject to low-price competition to consolidate its core competitiveness in the oilfield services market. The exploration and development segment will steadily advance the operations of overseas projects, accelerate the exploration and development of overseas blocks in Indonesia and Peru, and actively promote capacity construction to support the steady growth of the overseas business scale. On this basis, in line with the global energy transition trend, the Group will actively lay out low-carbon ancillary services such as CCUS, extend the application of mature oil and gas technologies to clean energy sectors including geothermal energy, and promote the deep integration of traditional oil and gas with new energy at the levels of technology, market, and resource. The Group will fully leverage the synergies among the three major segments, continuously optimize its business structure, enhance its integrated comprehensive service capabilities, realize quality improvement and efficiency enhancement in the traditional oil and gas business as well as innovative breakthroughs in the new energy business, and drive the long-term steady growth of its business scale and operating performance.

2. Persist in taking technological innovation as the Group's core development engine, building differentiated technological barriers, fully implement the strategic guideline of “Sharpening the Sword of Technology”, and take independent research and development as the core lever, focusing on key operational fields such as ultra-deep wells, high-temperature and high-pressure conditions and unconventional oil and gas. It will concentrate efforts on overcoming core technological difficulties such as rotary steerable systems and real-time fracturing monitoring, so as to establish a complete suite of technological systems suitable for complex reservoirs and the energy transition. Relying on the supporting techniques in integrated drilling and completion and well stimulation, and coupled with self-developed high-end downhole completion tools and high-temperature and high-pressure monitoring equipment, the Group will efficiently resolve operational difficulties under complex well conditions and significantly improve operational efficiency and construction quality. Based on such technological accumulation, the Group will continuously iterate and upgrade its self-developed high-temperature and high-pressure resistant downhole temperature and pressure monitoring instruments to form a comprehensive core technological system and build up strong differentiated technological barriers. By empowering market expansion with technological upgrades and driving the synergistic development of all business segments, the Group will continuously strengthen its core competitiveness and propel its high-quality development through technological value creation.

Management Discussion and Analysis

3. Continuously optimize its internal management system, boosting operational efficiency and risk resilience. With “enhancing efficiency, reducing costs, controlling risks, and solidifying foundations” as its main management focus, the Group will constantly refine its organizational structure, business processes, and full-lifecycle project control mechanisms, thereby establishing a closed-loop management system that encompasses proactive prevention, concurrent control, and retrospective evaluation and optimization. Building on a solid internal management foundation, the Group will further optimize internal resource allocation, streamline decision-making processes, strictly control operating costs, and continue to fortify its management foundations. In addition, the Group will closely monitor external risk factors – including geopolitical tensions, exchange rate fluctuations, and industry cycles – while improving its contingency plans and compliance management mechanisms to systematically enhance its operational risk resistance and resilience. The Group will leverage comprehensive management upgrades to enhance operational efficiency, build a solid foundation for long-term competitiveness through meticulous control, and solidify the foundations for its long-term sustainable development.
4. Uphold performance-oriented principle and intensify efforts to build a strong talent team. The Group will build a “performance-oriented” appraisal and incentive mechanism, continuously optimize talent management, and establish an appraisal management system centered on value contribution. Driven by a result-oriented approach, the Group will fully stimulate the enthusiasm and innovative vitality of its employees, thereby comprehensively enhancing operational efficiency. To meet the development demands of its three major business segments, the Group will fully upgrade its talent strategy, precisely recruiting composite backbone talents equipped with professional expertise, a global vision, and innovative thinking. Meanwhile, internal training and promotion mechanisms will be enhanced to drive the iterative upgrading of the internal talent pipeline. The Group will also strengthen the dynamic alignment between talent resources and business development, achieving deep synergy among human resource allocation, technical reserves, and market expansion. By perfecting the appraisal, incentive and training systems, the Group will stabilize its core talent pool and fortify its competitive edge in talent. On this basis, it will provide solid talent support for global market expansion, quality and efficiency enhancements in traditional oil and gas sectors, and breakthroughs in the new energy business, driving the Group’s steady and long-term development with a high-quality talent pool.

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 2026. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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 of the Board 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 duties 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, taking into account the circumstances of the Group as a whole, 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.

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 2026.

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 2026 of the Group.

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

During the six months ended 30 June 2026, 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 2026, the Company did not hold any treasury shares.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS OR CHIEF EXECUTIVE SUBSEQUENT TO THE 2025 ANNUAL REPORT

As of 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 2026, 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. 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 Holdings Limited, and therefore he is deemed to be interested in 235,372,000 shares of the Company held by Widescope Holdings 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. "L" denotes long position.

Save as disclosed above, as at 30 June 2026, 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 2026 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 2026, 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)	12.04%
True Harmony Limited	Beneficial owner	21,600,000 (L)	1.11%
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%
Greenwoods 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:

- (i) Mr. Ethan Wu holds 100% controlling interest of Widescope Holdings 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.
- 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.
- Such 119,000,000 shares represent the same parcel of shares.
- "L" denotes long position.
- 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 2026, 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 2026, 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 2026, 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 2026 and 30 June 2026 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 2026 and 30 June 2026 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 26 June 2024.

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 26 June 2024.

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 7 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 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.

Other Information

Movements of the options under the 2011 Share Option Scheme and the Amended Share Option Scheme during the six months ended 30 June 2026 are as follows:

Grantee	Outstanding as at 1 January 2026	Number of options				Outstanding as at 30 June 2026	Date of grant	Date of expiry	Exercise price per share
		Granted	Exercised	Cancelled	Lapsed				
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
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 2026	Number of options				Outstanding as at 30 June 2026	Date of grant	Date of expiry	Exercise price per share
		Granted	Exercised	Cancelled	Lapsed				
Employees	81,167,666 (Note 1)	-	-	-	-	81,167,666	31/8/2016	30/8/2026	0.490
	49,300,000 (Note 2)	-	-	-	-	49,300,000	26/9/2018	25/9/2028	0.740
	31,000,000 (Note 3)	-	-	-	-	31,000,000	6/12/2018	5/12/2028	0.532
	180,940,000 (Note 4)	-	8,000 (Note 5)	-	-	180,932,000	31/3/2023	30/3/2033	0.250
Total	378,907,666	-	8,000	-	-	378,899,666			

Notes:

- Under the 2011 Share Option Scheme of the Company, 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.
- Under the 2011 Share Option Scheme of the Company, 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.
- Under the 2011 Share Option Scheme of the Company, the closing price of shares immediately before 6 December 2018 on which the share options were granted was HK\$0.532 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.
- Under the Amended Share Option Scheme, 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.
- During the Reporting Period, under the Amended Share Option Scheme, the weighted average closing price of the shares issued from exercise of options immediately before the dates on which the options were exercised was approximately HK\$0.3088 per share.
- 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 2026 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 2026 (for the six months ended 30 June 2025: nil) to the shareholders of the Company.

By order of the Board

Mr. Ethan Wu

Chairman

Hong Kong, the PRC, 26 August 2026

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	30 June 2026 <i>RMB'000</i> Unaudited	31 December 2025 <i>RMB'000</i> Audited
ASSETS			
Non-current assets			
Property, plant and equipment	5	344,013	352,407
Right-of-use assets	5	41,011	42,000
Intangible assets		12,194	12,381
Investment in an associate		1,999	1,560
Investment in a joint venture		1,386	1,564
Deferred income tax assets	14	119,824	117,513
Financial assets at fair value through other comprehensive income		10,439	10,988
Other non-current assets		16,145	16,145
Prepayments and other receivables	8	1	12,661
		547,012	567,219
Current assets			
Inventories	6	548,486	529,594
Contract assets		19,288	22,002
Trade and note receivables	7	535,608	592,848
Prepayments and other receivables	8	272,994	266,148
Restricted bank deposits		67,372	47,264
Cash and cash equivalents		144,381	366,508
		1,588,129	1,824,364
Total assets		2,135,141	2,391,583
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	9	1,247	1,247
Share premium		869,971	869,969
Other reserves	10	367,482	366,394
Currency translation differences		(561,711)	(542,554)
Retained earnings		200,108	195,750
		877,097	890,806
Non-controlling interests		(1,410)	(90)
Total equity		875,687	890,716

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	30 June 2026 <i>RMB'000</i> Unaudited	31 December 2025 <i>RMB'000</i> Audited
LIABILITIES			
Non-current liabilities			
Borrowings	11	53,749	95,823
Non-current lease liabilities		7,032	5,453
Deferred income tax liabilities	14	25,219	24,896
		86,000	126,172
Current liabilities			
Borrowings	11	397,071	455,291
Current portion of long-term borrowings	11	100,371	97,450
Contract liabilities		37,568	50,821
Trade and note payables	12	465,277	572,293
Accruals and other payables	13	150,775	175,832
Current income tax liabilities		18,095	17,100
Current portion of lease liabilities		4,297	5,908
		1,173,454	1,374,695
Total liabilities		1,259,454	1,500,867
Total equity and liabilities		2,135,141	2,391,583

The accompanying notes on pages 43 to 68 are an integral part of this condensed consolidated financial information.

The condensed consolidated financial information on pages 35 to 68 were approved by the Board of Directors on 26 August 2026 and were signed on its behalf.

Ethan Wu
Director

Li Qiang
Director

Condensed Consolidated Income Statement

For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Revenue	4	725,669	747,216
Other losses, net		(2,051)	(7,371)
Material costs		(149,319)	(200,485)
Employee benefit expenses	15	(237,605)	(285,024)
Short-term and low-value lease expenses		(61,949)	(52,778)
Transportation costs		(12,667)	(10,706)
Depreciation and amortisation	16	(27,669)	(28,493)
Technical service expenses		(128,162)	(88,672)
Royalty fee		(3,320)	–
Net impairment losses of financial assets and contract assets		7,900	(5,510)
Write-down of inventories and provision for prepayments		(2,339)	(1,836)
Others		(84,711)	(89,079)
		(699,841)	(762,583)
Operating profit/(loss)		23,777	(22,738)
Finance income		1,297	2,086
Finance costs		(12,965)	(19,900)
Finance costs, net	17	(11,668)	(17,814)
Share of net profit of an associate and a joint venture accounted for using the equity method		259	238
Profit/(loss) before income tax		12,368	(40,314)
Income tax expense	18	(8,493)	(7,782)
Profit/(loss) for the period		3,875	(48,096)

Condensed Consolidated Income Statement

For the six months ended 30 June 2026

	Note	Six months ended 30 June	
		2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Profit/(loss) for the period		3,875	(48,096)
Profit/(loss) attributable to:			
Owners of the Company		5,450	(47,935)
Non-controlling interests		(1,575)	(161)
		3,875	(48,096)
Earnings/(loss) per share for the profit/(loss) attributable to the owners of the Company			
Basic and diluted earnings/(loss) per share	20	RMB0.003	RMB(0.025)

The accompanying notes on pages 43 to 68 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Profit/(loss) for the period	3,875	(48,096)
Other comprehensive income/(loss):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	5,860	1,980
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Currency translation differences	(24,762)	(3,384)
Changes in fair value of equity investments at fair value through other comprehensive income	(549)	1,329
Total comprehensive loss for the period	(15,576)	(48,171)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(14,256)	(47,853)
Non-controlling interests	(1,320)	(318)
	(15,576)	(48,171)

The accompanying notes on pages 43 to 68 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2026

	Note	Equity attributable to the owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Currency translation differences	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 31 December 2025 (Audited)		1,247	869,969	366,394	(542,554)	195,750	890,806	(90)	890,716
Comprehensive (loss)/income									
Profit/(loss) for the period		-	-	-	-	5,450	5,450	(1,575)	3,875
Other comprehensive (loss)/income		-	-	(549)	(19,157)	-	(19,706)	255	(19,451)
Total comprehensive (loss)/income for the period		-	-	(549)	(19,157)	5,450	(14,256)	(1,320)	(15,576)
Transactions with owners in their capacity as owners									
Share-based payments	10	-	-	546	-	-	546	-	546
Exercise of share options	10	-*	2	(1)	-	-	1	-	1
Transfer to statutory reserves		-	-	1,092	-	(1,092)	-	-	-
Total transactions with owners in their capacity as owners		-	2	1,637	-	(1,092)	547	-	547
Balance as at 30 June 2026 (Unaudited)		1,247	869,971	367,482	(561,711)	200,108	877,097	(1,410)	875,687

The accompanying notes on pages 43 to 68 are an integral part of this condensed consolidated financial information.

* Less than RMB1,000.

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2026

		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 43 to 68 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 Unaudited	2025 RMB'000 Unaudited
Cash flows from operating activities		
Cash used in operations	(55,962)	(122,192)
Income tax paid	(10,678)	(14,625)
Net cash used in operating activities	(66,640)	(136,817)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,829)	(12,173)
(Increase)/decrease in restricted bank deposits	(20,108)	3,599
Payment for acquisition of subsidiaries in prior years	(3,076)	–
Interest received	1,297	1,987
Proceeds from disposal of property, plant and equipment	385	15
Net cash used in investing activities	(32,331)	(6,572)
Cash flows from financing activities		
Proceeds from borrowings	238,557	372,673
Repayments of borrowings	(335,162)	(364,922)
Interest paid	(12,705)	(15,843)
Principal elements of lease payments	(3,179)	(2,973)
Payments of financing fee and deposits	(4,030)	(2,509)
Proceeds from exercise of share options	1	–
Net cash used in financing activities	(116,518)	(13,574)
Net decrease in cash and cash equivalents	(215,489)	(156,963)
Cash and cash equivalents at beginning of the period	366,508	389,230
Effects of exchange rate changes on cash and cash equivalents	(6,638)	(458)
Cash and cash equivalents at end of the period	144,381	231,809

The accompanying notes on pages 43 to 68 are an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

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. In addition to the above areas, the Group established an oilfield exploration and production segment in early 2026, which was principally engaged in activities related to overseas exploration and extraction operations. The ultimate controlling party of the Group is Mr. Wang Guoqiang (王國強) and Mr. Ethan Wu (吳東方) (collectively referred to as the “**Controlling Shareholders**”).

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

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”).

2. BASIS OF PREPARATION

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

3. 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 2025, except as described below.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

3. ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB which are effective for the Group's financial year beginning 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7

Amendments to IFRS 9 and IFRS 7

*Annual Improvements to IFRS Accounting
Standards – Volume 11*

*Amendments to the Classification and Measurement
of Financial Instruments*

Contracts Referencing Nature-dependent Electricity

*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10
and IAS 7*

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

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the "settlement date" and an accounting policy choice is introduced to derecognise financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments include additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments. The amendments specify new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

The application of the amendments in the current period had no material impact on these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

3. ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRS Accounting Standards (Continued)

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity

The amendments apply only to contracts that reference nature-dependent electricity, and they clarify the application of the 'own-use' requirements for in-scope contracts; amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendments relating to the own-use exception are applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting are applied prospectively to new hedging relationships designated on or after the date of the initial application.

The application of the amendments in the current period had no material impact on these condensed consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The application of the amendments in the current period had no material impact on these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

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 five reportable segments: drilling, well completion, reservoir, exploration and production (“**E&P**”), and others. In accordance with the development to E&P during current interim period, the CODM extracted the segment information for E&P segment from others. The segment information of EBITDA, assets and geographic non-current assets was re-presented accordingly. These reporting segments comprise respective services performed in above areas and related ancillary manufacturing activities, as well as activities related to the newly exploration and extraction operations during the period.

(a) Revenue

	Six months ended 30 June	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Drilling	241,760	207,393
Well completion	72,636	148,333
Reservoir	318,310	305,314
E&P	20,333	–
Others*	72,630	86,176
	725,669	747,216

* 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 2026

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information

The segment information for the six months ended 30 June 2026 and 2025 are as follows:

	Well					
	Drilling	completion	Reservoir	E&P	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2026 (Unaudited)						
Revenue from external customers	241,760	72,636	318,310	20,333	72,630	725,669
Time of revenue recognition						
– At a point in time	20,861	11,681	21,605	20,333	72,630	147,110
– Over time	220,899	60,955	296,705	–	–	578,559
EBITDA	30,636	8,940	71,862	560	5,232	117,230
Six months ended 30 June 2025 (Unaudited) (Re-presented)*						
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	(1,786)	5,420	81,317

* The comparative figures in the segment information have been re-presented to conform with the current period's presentation.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment information on total assets as at 30 June 2026 and 31 December 2025 are as follows:

	Drilling	Well completion	Reservoir	E&P	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 30 June 2026 (Unaudited)						
Segment assets	441,191	562,524	459,489	83,832	14,340	1,561,376
Unallocated assets						573,765
Total assets						2,135,141
Additions to non-current assets (other than financial assets and deferred income tax assets)	7,772	5,049	7,647	4,773	–	25,241

	Drilling	Well completion	Reservoir	E&P	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2025 (Audited) (Re-presented)*						
Segment assets	475,541	595,128	459,074	41,551	7,586	1,578,880
Unallocated assets						812,703
Total assets						2,391,583
Additions to non-current assets (other than financial assets and deferred income tax assets)	17,759	18,867	7,505	2,139	2,706	48,976

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

* The comparative figures in the segment information have been re-presented to conform with the current period's presentation.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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

	Six months ended 30 June	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
EBITDA for reportable segments	117,230	81,317
Unallocated expenses		
– Share-based payments (<i>Note 15</i>)	(546)	(1,948)
– Other losses, net	(2,051)	(7,371)
– Unallocated overhead expenses	(62,928)	(66,005)
	(65,525)	(75,324)
	51,705	5,993
Depreciation and amortisation (<i>Note 16</i>)	(27,669)	(28,493)
Finance income (<i>Note 17</i>)	1,297	2,086
Finance costs (<i>Note 17</i>)	(12,965)	(19,900)
Profit/(loss) before income tax	12,368	(40,314)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

	30 June 2026 <i>RMB'000</i> Unaudited	31 December 2025 <i>RMB'000</i> Audited
Segment assets for reportable segments	1,561,376	1,578,880
Unallocated assets		
– Deferred income tax assets	119,824	117,513
– Unallocated inventories	57,228	57,871
– Unallocated prepayment and other receivables	171,136	209,435
– Restricted bank deposits	67,372	47,264
– Cash and cash equivalents	144,381	366,508
– Financial assets at fair value through other comprehensive income	10,439	10,988
– Investments in an associate and a joint venture	3,385	3,124
	573,765	812,703
Total assets	2,135,141	2,391,583

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

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	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Revenue		
PRC	319,156	397,215
Kazakhstan	151,195	129,537
Turkmenistan	31,430	45,747
Indonesia	61,369	68,590
Middle East	119,153	78,672
Canada	15,506	26,322
Peru	20,333	—
Others	7,527	1,133
	725,669	747,216

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	
	2026 <i>RMB'000</i> Unaudited	31 December 2025 <i>RMB'000</i> Audited
(Re-presented)*		
Non-current assets		
PRC	203,488	200,565
Indonesia	73,670	74,897
Turkmenistan	41,828	44,260
Kazakhstan	27,215	36,709
Middle East	23,744	27,237
Singapore	18,314	32,196
Peru	3,271	148
Canada	2,345	2,705
Others	19,489	16,877
	413,364	435,594

* The comparative figures in the segment information have been re-presented to conform with the current period's presentation.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

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

During the six months ended 30 June 2026, the Group purchased items of property, plant and equipment at a total cost of RMB21,083,000 (six months ended 30 June 2025: RMB14,890,000) and a disposal of item of property, plant and equipment with a total net book value of RMB122,000 (six months ended 30 June 2025: RMB131,000).

During the six months ended 30 June 2026, additions to the right-of-use assets were RMB3,913,000 (six months ended 30 June 2025: RMB3,643,000).

6. INVENTORIES

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Project materials and consumables	509,755	501,882
Project-in-progress	140,353	127,764
Crude oil and others	706	–
	650,814	629,646
Less: provision for inventories	(102,328)	(100,052)
	548,486	529,594

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

7. TRADE AND NOTE RECEIVABLES

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Trade receivables	715,173	781,686
Less: impairment loss	(180,942)	(189,508)
Trade receivables, net	534,231	592,178
Note receivables	1,383	676
Less: impairment loss	(6)	(6)
Note receivables, net	1,377	670
	535,608	592,848

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

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Up to 6 months	380,158	509,421
6 months – 1 year	117,068	34,870
1 – 2 years	40,641	50,802
2 – 3 years	13,745	20,404
Over 3 years	164,944	166,865
Trade and note receivables, gross	716,556	782,362
Less: impairment loss	(180,948)	(189,514)
Trade and note receivables, net	535,608	592,848

(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(c)(i) and 11(c)(v).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

8. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Current		
Advances to suppliers	82,319	81,195
Prepayment for taxes	113,596	107,211
Less: provision	(3,978)	(3,992)
Total non-financial assets	191,937	184,414
Deposits and other receivables	37,260	49,972
Receivable from sales of property, plant and equipment (Note 23(b))	35,319	36,924
Loan to a joint venture (a) (Note 23(c))	12,595	–
Less: impairment loss	(4,117)	(5,162)
Total financial assets	81,057	81,734
Total current financial assets	272,994	266,148
Non-current		
Deposits and other receivables	1	1
Loan to a joint venture (a) (Note 23(c))	–	12,660
Total financial assets	1	12,661
Total non-current financial assets	1	12,661
Total	272,995	278,809

Notes:

- (a) The loan to a joint venture bears interest at a rate of 8% per annum and the maturity date of the loan is 30 June 2027.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

9. SHARE CAPITAL

	Number of shares (Thousands)	Share capital RMB'000
Authorised:		
Ordinary shares of USD0.0001 each as at 31 December 2025 (Audited) and 30 June 2026 (Unaudited)	5,000,000	3,219
	Number of shares (Thousands)	Share capital RMB'000
Issued and fully paid:		
Ordinary shares of USD0.0001 each as at 31 December 2025 (Audited) and 1 January 2026 (Unaudited)	1,954,136	1,247
Add: Exercise of share options	8	-*
As at 30 June 2026 (Unaudited)	1,954,144	1,247

* Less than RMB1,000.

10. OTHER RESERVES

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Merger reserves	(148,895)	(148,895)
Share-based payments and exercise of share options (a)	220,912	220,367
Statutory reserves	94,791	93,699
Capital reserves	209,850	209,850
Changes in fair value of equity investments at fair value through other comprehensive income	(9,176)	(8,627)
	367,482	366,394

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

10. OTHER RESERVES (CONTINUED)

- (a) Share-based payments and exercise of share options

The numbers of the share options granted at the grant date and the outstanding share options as at 30 June 2026 and 31 December 2025 are as below:

Grant Date	Expiry date	Exercise price HKD	The granted share option number (Thousands)	Outstanding share options	Outstanding share options
				30 June 2026 (Thousands)	31 December 2025 (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	184,932	184,940
Total		0.42	412,300	378,900	378,908
Weighted average remaining contractual life of options outstanding at end of period/year				3.91 years	4.41 years

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

10. OTHER RESERVES (CONTINUED)

(a) Share-based payments and exercise of share options (Continued)

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

	Six months ended 30 June 2026		Year ended 31 December 2025	
	Average exercise price per share options <i>HKD</i>	Number of share options <i>(Thousands)</i>	Average exercise price per share options <i>HKD</i>	Number of share options <i>(Thousands)</i>
As at 1 January	0.42	378,908	0.42	379,268
Granted	–	–	–	–
Exercised	0.25	(8)	0.25	(360)
Expired	–	–	–	–
Vested and exercisable for the period/year ended	0.42	378,900	0.42	378,908

Total expenses arising from share-based payment transactions recognised during the six months ended 30 June 2026 as part of employee benefit expenses were RMB546,000 (six months ended 30 June 2025: RMB1,948,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

11. BORROWINGS

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Long-term borrowings:		
– Bank loans, secured (a)	92,462	95,073
– Loans from third party, secured (b)	61,658	98,200
	154,120	193,273
Less:		
Non-current portion of long-term borrowings		
– Bank loans, secured (a)	30,870	57,583
– Loans from third party, secured (b)	22,879	38,240
Non-current portion of long-term borrowings	53,749	95,823
Current portion of long-term borrowings	100,371	97,450
Short-term borrowings:		
– Bank loans, secured (c)	335,907	382,014
– Bank loans, unsecured (d)	5,000	15,987
– Loans from third party, secured (e)	20,000	20,000
– Loans from a third party, unsecured (f)	36,164	37,290
	397,071	455,291

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

11. BORROWINGS (CONTINUED)

Notes:

- (a) Long-term secured bank loans comprise:
 - (i) Loans totalling RMB84,250,000 (2025: RMB94,000,000) bear interest at a rate of 5.00% (2025: 5.00%) per annum, and is pledged against the right of collecting certain trade receivables.
 - (ii) A loan of RMB562,000 (2025: RMB1,073,000) bears interest at SORA in-advance plus a margin 3.00% (2025: SORA in-advance plus a margin 2.50%) 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 2026, the average interest rate of SORA was 1.13% (2025: 2.29%).
 - (iii) During the six months ended 30 June 2026, a loan of RMB7,650,000 bears interest at a rate of 6.20% per annum, with a guarantee provided by a subsidiary of the Group.
- (b) The Group's long-term secured loans from third party financial institutions bear interest at rates ranging from 4.49% to 6.80% (2025: 4.49% to 6.80%), are secured against certain machinery and guaranteed by certain subsidiaries of the Group with carrying amount of RMB130,636,000 (2025: RMB152,274,000).
- (c) Short-term secured bank loans comprise:
 - (i) Loans totalling RMB30,000,000 (2025: RMB60,000,000) bear interest at a rate of 5.50% (2025: 5.50%) per annum, and are pledged against the right of collecting certain trade receivables.
 - (ii) Loans totalling RMB54,598,000 (2025: RMB80,000,000) bear interest at rates ranging from 2.50% to 2.95% (2025: 2.95% to 3.68%) per annum, and guaranteed by a third party guarantee company.
 - (iii) Loans totaling RMB221,309,000 (2025: RMB242,014,000) bear interest ranging from 2.15% to 4.07% (2025: 2.25% to 4.76%) per annum, with guarantees provided by subsidiaries of the Group.
 - (iv) Loans totalling RMB20,000,000 (2025: nil) bear interest at a rate of 2.30% (2025: nil) per annum, and guaranteed by a third party guarantee company with counter-guarantees provided by a subsidiary of the Group.
 - (v) Loans totaling RMB10,000,000 (2025: nil) bear interest at a rate of 4.20% (2025: nil) per annum, and are pledged against the right of collecting certain trade receivables and a guarantee provided by a subsidiary of the Group.
- (d) The Group's short-term unsecured bank loans bear interest at a rate of 2.50% (2025: 3.50% to 4.60%) per annum.
- (e) During the six months ended 30 June 2026, the Group's short-term secured loan from a third party institution bears interest at a rate of 5.00% (2025: 5.00%) per annum, with guarantees provided by a subsidiary of the Group through the security of a land use right of RMB17,174,000 (2025: RMB17,415,000).
- (f) During the six months ended 30 June 2026, the Group's short-term unsecured loan from third party institutions carried interest ranging from 5.00% to 9.00% (2025: 5.00% to 9.00%) per annum.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

11. BORROWINGS (CONTINUED)

Notes (Continued):

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Fixed-rate borrowings	523,242	612,491
Variable-rate borrowings	27,949	36,073
	551,191	648,564

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

	30 June 2026	31 December 2025
Fixed-rate borrowings	2.15% to 9.00%	2.25% to 9.00%
Variable-rate borrowings	1.13% to 2.95%	2.29% to 3.10%

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

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
RMB	515,464	611,201
USD	35,165	36,290
SGD	562	1,073
	551,191	648,564

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

11. BORROWINGS (CONTINUED)

Notes (Continued):

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

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Within 1 year	497,442	552,741
1 year to 2 years	45,109	82,594
2 years to 5 years	8,640	13,229
	551,191	648,564

12. TRADE AND NOTE PAYABLES

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

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Up to 6 months	250,502	415,435
6 months to 1 year	112,818	30,067
1 – 2 years	23,509	38,002
2 – 3 years	13,242	15,028
Over 3 years	65,206	73,761
	465,277	572,293

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

13. ACCRUALS AND OTHER PAYABLES

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Payroll and welfare payable	53,449	71,344
Other tax payables	22,082	24,071
Other payables – related parties (<i>Note 23(d)</i>)	14,872	14,872
Other payables for purchase of property, plant and equipment	5,548	4,236
Other payables	54,824	61,309
	150,775	175,832

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	
	2026 RMB'000 Unaudited	2025 RMB'000 Unaudited
At beginning of the period	119,677	109,027
Credited to income statement (<i>Note 18</i>)	2,780	3,164
Currency translation difference	(349)	(96)
At end of the period	122,108	112,095

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

14. DEFERRED INCOME TAXATION (CONTINUED)

Deferred income tax liabilities

	Six months ended 30 June	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
At beginning of the period	27,060	27,355
Charged to the income statement (<i>Note 18</i>)	443	5
At end of the period	27,503	27,360

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 RMB2,284,000 as at 30 June 2026 (2025: RMB2,898,000).

15. EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Wages, salaries and allowances	185,238	223,537
Housing benefits	6,424	9,251
Pension costs	35,769	36,056
Share-based payments	546	1,948
Welfare and other expenses	9,628	14,232
	237,605	285,024

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

16. EXPENSES BY NATURE

	Six months ended 30 June	
	2026 RMB'000 Unaudited	2025 RMB'000 Unaudited
(Gains)/loss on disposal of property, plant and equipment	(376)	85
Sales tax and surcharges	2,587	3,257
Depreciation		
– Right-of-use assets (include land use rights)	3,499	3,531
– Property, plant and equipment	23,737	24,429
Amortisation of intangible assets	433	533
Write-down of inventories	2,339	1,710

17. FINANCE COSTS, NET

	Six months ended 30 June	
	2026 RMB'000 Unaudited	2025 RMB'000 Unaudited
Finance income:		
– Interest income from bank deposits	1,297	1,987
Net foreign exchange gain on financing activities	–	99
Finance income	1,297	2,086
Interest expense:		
– Bank borrowings	(6,682)	(11,050)
– Lease liabilities	(347)	(468)
– Other borrowings	(3,525)	(5,218)
Bank charges and others	(2,411)	(3,164)
Net foreign exchange loss on financing activities	–*	–
Finance costs	(12,965)	(19,900)
Finance costs, net	(11,668)	(17,814)

* Less than RMB1,000.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

18. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026 <i>RMB'000</i> Unaudited	2025 <i>RMB'000</i> Unaudited
Current income tax	10,830	10,941
Deferred income tax	(2,337)	(3,159)
Income tax expense	8,493	7,782

During the six months ended 30 June 2026, the estimated income tax rates applicable to the Group entities (excluding group companies that are currently tax exempted) ranged from 5% to 30% (2025: 5% to 30%).

19. DIVIDEND

The Board of Directors did not propose a dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

20. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	2026 Unaudited	2025 Unaudited
Profit/(loss) attributable to owners of the Company (RMB'000)	5,450	(47,935)
Weighted average number of ordinary shares in issue (thousands)	1,954,142	1,953,776
Basic earnings/(loss) per share (RMB per share)	0.003	(0.025)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

20. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings/(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 earnings/(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 2026 and 2025, and the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share during the six months ended 30 June 2026 and 2025.

21. CONTINGENCIES

As at 30 June 2026, 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 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Property, plant and equipment	18,519	25,652
Exploration and extraction	10,320	39,878

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2026

23. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties for the six months ended 30 June 2026 and 2025:

(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	
	2026 RMB'000 Unaudited	2025 RMB'000 Unaudited
Salaries and other short-term benefits	3,753	3,960
Share-based payments	150	534
Retirement benefits and others	728	660
	4,631	5,154

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

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Other receivables (Note 8) – a joint venture	35,319	36,924

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For the six months ended 30 June 2026

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loan to a joint venture

	30 June 2026 RMB'000 Unaudited	31 December 2025 RMB'000 Audited
Loan to a joint venture (Note 8)	12,595	12,660

(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 2026. The quoted market price used for financial assets held by the Group is the current bid price.