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中國管業集團有限公司 China Pipe Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00380)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “Board”) of China Pipe Group Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024, are as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

		Unaudited	
		For the six months ended 30 June	
		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	2	327,849	374,299
Cost of sales	4	(229,164)	(260,622)
Gross profit		98,685	113,677
Other gains, net	3	2,683	285
Selling and distribution costs	4	(11,007)	(11,269)
General and administrative expenses	4	(56,836)	(58,288)
Provision for impairment of financial assets	4	(16)	(3,411)
Operating profit		33,509	40,994
Finance income	5	6,929	7,543
Finance costs	5	(2,621)	(3,255)
Finance income, net	5	4,308	4,288
Share of results of an associate		162	-
Profit before income tax		37,979	45,282
Tax expense	6	(5,508)	(7,884)
Profit for the period attributable to equity holders of the Company		32,471	37,398
Earnings per share		HK cents	HK cents
Basic and diluted	7	2.44	2.81
Dividend	8	-	-

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited	
	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit for the period	32,471	37,398
Other comprehensive income/(loss):		
Item that may be subsequently reclassified to profit or loss:		
Currency translation differences	186	(169)
Other comprehensive income/(loss) for the period, net of tax	186	(169)
Total comprehensive income for the period, net of tax		
attributable to equity holders of the Company	32,657	37,229

There was no tax impact relating to the components of other comprehensive income for the six months ended 30 June 2024 and 2025.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		9,746	10,558
Right-of-use assets		52,672	57,918
Intangible assets		1,274	1,256
Interest in an associate	9	2,081	-
Loan to a related company	10	78,681	-
Loan to a related party	10	5,000	5,000
Rental deposits and other assets	10	7,143	7,414
		<u>156,597</u>	<u>82,146</u>
Current assets			
Loan to a related company	10	-	77,832
Inventories		203,872	246,388
Trade receivables	10	170,558	195,567
Deposits, prepayments and other receivables	10	81,409	104,276
Financial assets at fair value through profit or loss		1,560	1,519
Other financial assets measured at amortised cost		5,497	-
Tax recoverable		97	79
Pledged bank deposits		46,000	46,000
Restricted bank balances		-	1,070
Cash and cash equivalents		341,700	281,959
		<u>850,693</u>	<u>954,690</u>
Total assets		<u>1,007,290</u>	<u>1,036,836</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2025

		Unaudited 30 June 2025 <i>HK\$'000</i>	Audited 31 December 2024 <i>HK\$'000</i>
	<i>Note</i>		
EQUITY			
Equity holders			
Share capital		26,645	26,645
Reserves		823,053	790,396
Total equity		849,698	817,041
LIABILITIES			
Non-current liabilities			
Lease liabilities		36,019	42,559
Deferred tax liabilities		974	1,092
Other non-current liabilities		1,065	1,066
		38,058	44,717
Current liabilities			
Trade payables, other payables and contract liabilities	<i>11</i>	54,635	92,554
Taxation payable		11,866	8,602
Lease liabilities		23,955	23,467
Borrowings		29,078	50,455
		119,534	175,078
Total liabilities		157,592	219,795
Total equity and liabilities		1,007,290	1,036,836
Net current assets		731,159	779,612
Total assets less current liabilities		887,756	861,758

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This condensed consolidated interim financial information should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except for described below, the accounting policies adopted are consistent with those used in the audited consolidated annual financial statements for the year ended 31 December 2024.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Adoption of amendments to standards

The Group has applied the following amendments to standards for the first time for the annual reporting period commencing 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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In the current interim period, the Group has applied for the first time the above amendments to standards issued by the HKICPA that are mandatorily effective from 1 January 2025. The adoption of the above amendments to standards do not have a material impact on the Group’s results of operations or financial position.

The Group has not early adopted any amendments to standards that have been issued but are not yet effective. The Group is assessing the impact of these amendments to standards.

2. REVENUE AND SEGMENT INFORMATION

The Executive Directors of the Company have been identified as the chief operating decision-maker (“CODM”). Management determines the operating segments based on the Group’s internal reports, which are then submitted to the CODM for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard there to be only one operating segment – trading of construction materials, mainly pipes and fittings. Accordingly, segment disclosures are not presented.

Trading of pipes and fittings includes wholesale, retail and logistics operations substantially in Hong Kong and Macau.

The revenue from contracts with customers recognised for the six months ended 30 June 2025 and 2024 are trading of construction materials, mainly pipes and fittings, all of which were recognised at a point in time.

At 30 June 2025 and 31 December 2024, the Group has only one reportable segment. Accordingly, no segment assets and liabilities analysis is presented.

Geographical information

The Group is domiciled in Hong Kong. The Group’s revenues from external customers by geographical location are detailed below:

	Revenue Unaudited For the six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Hong Kong	303,965	351,710
Macau	16,127	21,545
Mainland China	7,757	1,044
	327,849	374,299

The Group’s non-current assets by geographical location are detailed below:

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Hong Kong	151,274	78,630
Macau	2,126	2,371
Mainland China	3,197	1,145
	156,597	82,146

3. OTHER GAINS, NET

Unaudited For the six months ended 30 June

	2025 HK\$'000	2024 HK\$'000
Net exchange gain	2,468	264
Gain/(loss) on financial assets at fair value through profit or loss	32	(20)
Net gain on disposal of property, plant and equipment	141	-
Dividend income from financial assets at fair value through profit or loss	42	41
	2,683	285

4. EXPENSES BY NATURE

Operating profit is arrived at after charging/(crediting):

Unaudited For the six months ended 30 June

	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold	224,629	255,663
Amortisation of intangible assets	194	26
Auditor's remuneration	715	679
Depreciation of property, plant and equipment	1,761	1,558
Depreciation of right-of-use assets	12,185	12,231
Employee benefit expenses (including directors' emoluments)	38,113	39,572
Short-term and low-value lease expenses	493	201
Provision for impairment of financial assets	16	3,411
Provision for and write-off of/(reversal of) inventories, net	644	(593)
Other expenses	18,273	20,842
	297,023	333,590
Representing:		
Cost of sales	229,164	260,622
Selling and distribution costs	11,007	11,269
General and administrative expenses	56,836	58,288
Provision for impairment of financial assets	16	3,411
	297,023	333,590

5. FINANCE INCOME, NET

	Unaudited For the six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Bank interest income	4,620	5,290
Other interest income	2,309	2,253
Finance income	6,929	7,543
Interest expense on bank borrowings	(1,170)	(1,687)
Interest expenses on lease liabilities	(1,451)	(1,568)
Finance costs	(2,621)	(3,255)
	4,308	4,288

6. TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Current taxation:		
Hong Kong profits tax	5,626	7,843
Overseas tax	-	23
Under provision in prior years	-	1
Deferred taxation	(118)	17
Tax expense	5,508	7,884

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the period attributable to equity holders and weighted average number of ordinary shares with adjustments where applicable as follows:

	Unaudited	
	For the six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company for the purpose of basic earnings per share	32,471	37,398
Number of shares	Thousands	Thousands
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,332,266	1,332,266

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares arising from the Company's share options. Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2025 and 2024.

8. DIVIDEND

The Board of the directors of the Company ("Board") does not declare interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

9. INTEREST IN AN ASSOCIATE

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Interest in an associate accounted for using the equity method		
- Interest in Guangzhou Anmei Shi Ye Co., Ltd.	2,081	-

In February 2025, the Group acquired a 20% equity interest in Guangzhou Anmei Shi Ye Co., Ltd., a private limited company incorporated in the PRC, engaged in rubber and plastic products manufacturing business in the PRC.

Set out below is the associate of the Group as at 30 June 2025. The associate is private company and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in associate, and there is no contingent liabilities of the associate itself.

Detail of interest in an associate as at 30 June 2025 and 31 December 2024 is as follows:

Name	Principal activities	Place of establishment and kind of legal entity	% of ownership interest	
			Unaudited 30 June 2025	Audited 31 December 2024
Guangzhou Anmei Shi Ye Co., Ltd.	Engaged in rubber and plastic products manufacturing business in China	PRC, limited liability company	20%	-

10. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2025 <i>HK\$'000</i>	Audited 31 December 2024 <i>HK\$'000</i>
Trade receivables	177,183	202,222
Less: loss allowance	(6,625)	(6,655)
Trade receivables – net	170,558	195,567
Prepayments to suppliers	74,926	95,860
Loan to a related party	5,000	5,000
Rental deposits	6,570	6,545
Other receivables, deposits and other assets	7,086	9,315
Less: loss allowance	(30)	(30)
	93,552	116,690
Loan to a related company	78,805	77,956
Less: loss allowance	(124)	(124)
	78,681	77,832
Total of trade and other receivables, deposits and prepayments	342,791	390,089
Less: included in non-current assets		
Rental deposits and other assets	(7,143)	(7,414)
Loan to a related party	(5,000)	(5,000)
Loan to a related company	(78,681)	-
Included in current assets	251,967	377,675

The Group generally grants credit period of 60 to 90 days to its customers for its trading of pipes and fittings operation. The ageing analysis of the trade receivables based on the invoice date is as follows:

	Unaudited 30 June 2025 <i>HK\$'000</i>	Audited 31 December 2024 <i>HK\$'000</i>
Within 30 days	51,315	54,768
31 to 60 days	43,073	57,534
61 to 90 days	30,180	44,897
91 to 120 days	25,750	16,171
Over 120 days	26,865	28,852
	177,183	202,222

11. TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Trade payables	25,239	48,532
Contract liabilities	20,518	24,684
Accrued expenses and other payables	8,878	19,338
	54,635	92,554

The ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 30 days	23,358	39,080
31 to 60 days	784	5,139
61 to 90 days	231	1,935
Over 90 days	866	2,378
	25,239	48,532

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the period ended 30 June 2025, the Group's revenue amounted to about HK\$327.8 million, a 12.4% decrease from the same period in 2024 of HK\$374.3 million. The profit attributable to equity holders of the Company for the six months ended 30 June 2025 was approximately HK\$32.5 million (2024: HK\$37.4 million), representing a decrease of 13.1% over the same period in 2024 as there was a slight decrease in the overall revenue and gross margin.

The basic earnings per share for the six months ended 30 June 2025 was approximately HK2.44 cents as compared to basic earnings per share of approximately HK2.81 cents for the six months ended 30 June 2024.

Business Review

The Group is a leading provider to the construction sector offering a wide range of pipe (including copper tube, ductile iron and steel pipes) related products, fittings, comprehensive services and solutions to the contractors, designers, consultants and government agencies in Hong Kong and Macau.

As mentioned in last year's annual report, we achieved record-high sales, largely due to the completion of supplying of pipes and fittings to several large-scale infrastructure projects and unexpected flow of urgent orders. During the period ended 30 June 2025, the Group recorded a decrease in revenue of 12.4% to HK\$327.8 million as compared to the same period of last year. Such decrease was mainly due to absence of large projects deliveries in the first half of the year, making it challenging to sustain the same level of sales momentum.

In addition, the current market slowdown in the private construction sector led to a decrease in revenue and increase the competition in the public construction sector, resulting in pricing pressures and reduced margins. In order to maintain our competitive advantage, we will work closely with our suppliers and customers to uphold high quality of products at a competitive prices.

For the six months ended 30 June 2025, the Group still have some large projects in our order book. The Group saw that there was delay of the supplying of pipes and fitting due to the progress of these projects. This resulted in the slowdown of the delivery in the second half of the year. We will continue to capture the urgent orders in the market in order to maintain our sales momentum.

Operation Review

The Group's selling and distribution costs decreased 2.7% to HK\$11.0 million for the six months ended 30 June 2025 (corresponding period of 2024: HK\$11.3 million). The decrease was mainly due to the decrease in sales commission, direct logistic staff costs and transportation costs of HK\$0.7 million which was partially offset by the increase in promotion expenses of approximately HK\$0.4 million.

The Group's general and administrative expenses decreased by 2.6% to HK\$56.8 million for six months ended 30 June 2025 (corresponding period of 2024: HK\$58.3 million). The decrease was mainly due to the decrease in professional fees, promotion expenses, motor vehicle running expenses and consumable expenses of HK\$2.7 million, partially offset by an increase from short-term and low-value lease expenses, insurance and testing fees of about HK\$1.2 million.

For the six months ended 30 June 2025, finance income which was mainly from a loan to a related party and bank deposits interest income, decreased by 8.0% to HK\$6.9 million (corresponding period of 2024: HK\$7.5 million). The decrease in finance income was attributable to the bank interest income decrease as the saving interest rate decreased. Finance costs mainly consisted of the interest expenses on bank borrowings and lease liabilities. During the period under review, the finance costs were HK\$2.6 million (corresponding period of 2024: HK\$3.2 million), representing a decrease by about 18.8% over last corresponding period. Such decrease was mainly attributable to the decrease in interest rates on bank borrowings. As finance income outpaced costs during the period, we recorded net finance income of HK\$4.3 million (corresponding period of 2024: HK\$4.3 million).

PROSPECTS

Looking ahead, the Group has a positive outlook towards the construction materials business in Hong Kong. Although the Group is facing challenges such as pricing pressure from customers and rising costs of materials from suppliers, the Group is confident about its future development. Being a leading provider of pipes and fittings in Hong Kong and Macau, we will continue to play a key role in the public and private construction sectors.

In the coming years, the continuous development of the Northern Metropolis, the light public housing and some major infrastructure projects, we will continue to benefit from those projects. Our services and products are widely used by notable projects which indicated our competitive advantage. The Group will actively seize the potential projects in Hong Kong and Macau. As always, we will stay vigilant and explore more new products to diversify our product portfolio.

APPRECIATION

We would like to express our appreciation to the management and staff of the Group for their dedication and commitment. We would also like to offer our gratitude to our valued shareholders, banks and business partners for their continued trust and support.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2025, the cash and cash equivalents of the Group were approximately HK\$341.7 million (31 December 2024: HK\$282.0 million). Basically the Group's working capital requirement has been financed by its internal resources. The funds generated from operations and the available banking facilities will enable the Group to meet its future working capital requirements.

As at 30 June 2025, the Group had aggregate banking facilities of trade finance of approximately HK\$262.3 million (31 December 2024: HK\$262.3 million), of which approximately HK\$41.3 million (31 December 2024: HK\$62.1 million) was utilised. The Group's total borrowings stood at approximately HK\$29.1 million (31 December 2024: HK\$50.5 million), and the entire amount of borrowings for both periods will mature within one year. 37% (31 December 2024: 18%) and 63% (31 December 2024: 82%) of the borrowings were subject to floating and fixed rates respectively.

The gearing ratio as measured by total bank borrowings to total equity was approximately 3.4% as at 30 June 2025 (31 December 2024: 6.2%). As at 30 June 2025 and 31 December 2024, the entire amount of the Group's borrowings was denominated in Hong Kong dollars.

The Group conducts its business transactions mainly in Hong Kong dollar, Macau Pataca, Renminbi and United States dollar. In order to manage foreign exchange risk, the Group has been closely monitoring its foreign currency exposure and will arrange for any hedging facilities if necessary.

CHARGE ON ASSETS

As at 30 June 2025, certain bank deposits held by subsidiaries of the Group with an aggregate carrying amounts of approximately HK\$46.0 million (31 December 2024: HK\$46.0 million) were pledged to banks for banking facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

CAPITAL COMMITMENTS

As at 30 June 2025, the Group did not have capital commitment (31 December 2024: Nil) contracted for but not provided for in consolidated financial statements.

STAFF AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total of 165 full-time employees (31 December 2024: 174). Total employee benefit expenses for the period ended 30 June 2025 was approximately HK\$38.1 million (2024: HK\$39.6 million).

Remuneration policy is reviewed annually and certain staff members are entitled to sales commission. In addition to the basic salaries and contributions to the mandatory provident fund, the Group also pays discretionary bonus and provides staff with other benefits including medical scheme for Hong Kong employees. The Group contributes to an employee pension scheme established by the PRC Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group in Mainland China. The Group adopted a share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the result of the Group.

INTERIM DIVIDEND

The Board does not declare interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix C1 of the Rules Governing the Listing of Securities on Stock Exchange (the “Listing Rules”) throughout the period.

REVIEW BY AUDIT COMMITTEE

The condensed consolidated interim financial information for the six months ended 30 June 2025 has not been audited nor reviewed by the Company’s auditor, PricewaterhouseCoopers, but this report has been reviewed by the audit committee of the Company.

The audit committee has reviewed with management the accounting policies and practices adopted by the Group and financial reporting matters including the review of the unaudited condensed consolidated financial information for the period. The audit committee of the Company currently consists of Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen, Mr. Guan Zhiqiang, Mr. Wang Chaolong and Ms. Zheng Yang as independent non-executive directors.

COMPLIANCE WITH MODEL CODE OF LISTING RULES

The Company has adopted the Model Code contained in Appendix C3 of the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Company at www.chinapipegroup.com and the website of the Stock Exchange at www.hkexnews.hk. The 2025 interim report of the Company will be available at the website of the Company and the website of the Stock Exchange and despatched to shareholders of the Company in due course.

By Order of the Board
China Pipe Group Limited
Lai Fulin
Chairman

Hong Kong, 27 August 2025

As at the date of this announcement, the Board consists of Mr. Lai Fulin and Mr. Yu Ben Ansheng as executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen, Mr. Guan Zhiqiang, Mr. Wang Chaolong and Ms. Zheng Yang as independent non-executive directors.