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CHU KONG PETROLEUM AND NATURAL GAS STEEL PIPE HOLDINGS LIMITED
珠江石油天然氣鋼管控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1938)

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

The board ("**Board**") of directors ("**Directors**") of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the "**Company**") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*5*	**1,389,183**	1,638,141
Cost of sales and services		**(1,133,795)**	(1,330,865)
Gross profit		**255,388**	307,276
Other income and gains	*5*	**135,755**	31,370
Selling and distribution expenses		**(21,668)**	(30,729)
Administrative expenses		**(139,276)**	(96,837)
Exchange gain, net		**5,587**	17,137
Other expenses, net	*6*	**(6,067)**	(83,430)
Finance costs	*7*	**(54,586)**	(58,122)

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
PROFIT BEFORE TAX	*8*	**175,133**	86,665
Income tax (expense)/credit	*9*	**(3,386)**	42,851
PROFIT FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY		**171,747**	129,516
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	*11*	**RMB0.17**	RMB0.13

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**171,747**	129,516
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**42,650**	(13,477)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**42,650**	(13,477)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into the presentation currency	**(1,605)**	740
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(1,605)**	740
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**41,045**	(12,737)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**212,792**	116,779

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 (Unaudited) *RMB'000*	As at 31 December 2024 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**1,808,510**	1,830,141
Investment properties	*13*	**355,000**	355,000
Right-of-use assets		**581,339**	589,107
Long term prepayments, deposits and other receivables		**57,241**	46,129
Total non-current assets		**2,802,090**	2,820,377
CURRENT ASSETS			
Completed properties held for sale		**1,704,940**	1,809,180
Inventories	*14*	**378,520**	816,313
Trade and bills receivables	*15*	**508,992**	371,731
Prepayments, other receivables and other assets		**752,377**	552,826
Pledged and restricted bank balances		**97,652**	52,953
Cash and bank equivalents		**44,598**	53,323
		3,487,079	3,656,326
Assets classified as held for sale		**—**	29,236
Total current assets		**3,487,079**	3,685,562

	Notes	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	*16*	**1,025,751**	1,063,366
Other payables and accruals		**752,438**	720,509
Contract liabilities		**337,147**	555,508
Fixed rate bonds and notes	*17*	**—**	56,488
Interest-bearing bank and other borrowings	*18*	**953,154**	967,281
Due to a director		**26,839**	7,701
Tax payable		**654,105**	659,916
Provision		**44,830**	44,830
		3,794,264	4,075,599
Liabilities associated with assets classified as held for sale		**—**	37,323
Total current liabilities		**3,794,264**	4,112,922
NET CURRENT LIABILITIES		**(307,185)**	(427,360)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,494,905**	2,393,017
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*18*	**744,236**	841,164
Deferred tax liabilities		**160,349**	171,581
Government grants		**138,397**	141,141
Total non-current liabilities		**1,042,982**	1,153,886
Net assets		**1,451,923**	1,239,131
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**88,856**	88,856
Reserves		**1,363,067**	1,150,275
Total equity		**1,451,923**	1,239,131

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 9 January 2008 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Unit 605–606, 6th Floor, Tower III, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The Company and its subsidiaries (together, the "**Group**") are involved in the manufacture and sale of welded steel pipes and the provision of related manufacturing services and property development and investment. There were no significant changes in the nature of the Group's principal activities during the six months ended 30 June 2025 (the "**Period**").

In the opinion of the directors of the Company (the "**Directors**"), the holding company and ultimate holding company of the Company is Bournam Profits Limited, which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standards ("**IAS**") 34 Interim Financial Reporting issued by the International Accounting Standards Board. These interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

Going concern basis

As at 30 June 2025, the Group maintained cash and cash equivalents of approximately RMB44,598,000 and recorded net current liabilities of approximately RMB307,185,000. In view of these circumstances, the directors of the Company have considered the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

(1) Active negotiation with banks to obtain adequate bank borrowings to finance the Group's operations

As at 30 June 2025, the Group is expected to have sufficient financial support to pay off debts in the next 12 months, so the interim condensed consolidated financial statements are prepared on the basis of going concern.

Subsequent to 30 June 2025 and up to the date of this announcement, the Group obtained the new loan amounted to RMB13,500,000 and renewed the existing loan amounted to RMB69,800,000 and the renewal of the existing loan amounted to RMB526,944,000 which is due in one year is under negotiation and the Group expects that such loan could be renewed with the related banks upon expiry. The Group continues to actively negotiate with the banks for the renewal of the Group's borrowings when they fall due or obtain additional sources of finance to meet the Group's working capital and financial requirements in the near future. The directors of the Company have evaluated all the relevant facts available to them and are of the opinion that they have a good track record and relationship with the banks and considered that the Group would be able to renew the Group's loans upon expiry.

(2) Improvement of the Group's operating cash flows

The Group is taking measures to tighten cost control over various production costs and expenses with an aim to attain profitable and positive cash flow operations.

The directors of the Company have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. Taking into account the positive cash flows from the Group's steel pipes business and the continued sale of the Group's existing real estate projects, the directors considered that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the interim condensed consolidated financial statements of the Group have been prepared on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those which are currently recorded in the interim condensed consolidated statement of financial position. In addition, the Group may have to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21	Lack of Exchangeability

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

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

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the steel pipes segment engages in the manufacture and sale of welded steel pipes and the provision of related manufacturing services; and

(b) property development and investment segment engages in development of properties for sale and property investment for its rental income potential.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales to third parties at the then prevailing market prices.

There were no intersegment sales during the six months ended 30 June 2025 and 2024.

Six months ended 30 June 2025 (unaudited)	**Steel pipes**	**Property development and investment**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment revenue:			
Sales to external customers	**1,262,474**	**126,709**	**1,389,183**
Segment results:	**164,616**	**(6,278)**	**158,338**
Reconciliation:			
Corporate and other unallocated income			**20,210**
Corporate and other unallocated expenses			**(3,403)**
Unallocated finance costs			**(12)**
Profit before tax			**175,133**
Segment assets:	**3,178,521**	**3,168,833**	**6,347,354**
Reconciliation:			
Elimination of intersegment receivables			**(245,703)**
Corporate and other unallocated assets			**187,518**
Total assets			**6,289,169**
Segment liabilities:	**3,039,404**	**1,972,250**	**5,011,654**
Reconciliation:			
Elimination of intersegment payables			**(245,703)**
Corporate and other unallocated liabilities			**71,295**
Total liabilities			**4,837,246**
Other segment information:			
Depreciation and amortisation	**(40,026)**	**—**	**(40,026)**
Capital expenditure*	**10,976**	**—**	**10,976**

Six months ended 30 June 2024 (unaudited)	Steel pipes *RMB'000*	Property development and investment *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	1,637,661	480	1,638,141
Segment results:	129,885	(35,491)	94,394
Reconciliation:			
Corporate and other unallocated income			1
Corporate and other unallocated expenses			(2,618)
Unallocated finance costs			(5,112)
Profit before tax			86,665
Segment assets:	3,437,596	3,108,952	6,546,548
Reconciliation:			
Elimination of intersegment receivables			(284,954)
Corporate and other unallocated assets			244,345
Total assets			6,505,939
Segment liabilities:	3,418,095	1,990,356	5,408,451
Reconciliation:			
Elimination of intersegment payables			(284,954)
Corporate and other unallocated liabilities			143,311
Total liabilities			5,266,808
Other segment information:			
Depreciation and amortisation	(43,640)	(4)	(43,644)
Capital expenditure*	33,926	—	33,926

* Capital expenditure consists of additions to property, plant and equipment.

Information about steel pipe products and services and sales of property

The revenue from the major products and services and sales of property is analysed as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Manufacture and sale of steel pipes:		
LSAW steel pipes	**1,074,126**	1,364,809
SSAW steel pipes	**99,864**	171,891
ERW steel pipes	**111**	2,181
Steel pipe manufacturing services:		
LSAW steel pipes	**10,668**	21,494
SSAW steel pipes	**33,218**	18,758
ERW steel pipes	**989**	—
Others*	**43,498**	58,528
	1,262,474	1,637,661
Sale of properties	**126,709**	480
	1,389,183	1,638,141

* Others mainly included the manufacture and sales of steel fittings, screw-thread steels and scrape materials, and the trading of equipment and steel plates.

Geographical information

(a) The revenue information based on the locations of the customers is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Sales to external customers:		
Mainland China	**417,781**	342,145
Africa	**550,955**	947,460
Other Asian countries	**157,647**	221,845
Middle East	**241,608**	73,037
Europe	**—**	2,345
South America	**21,192**	8,303
North America	**—**	43,006
	1,389,183	1,638,141

(b) Over 90% of the Group's assets and capital expenditure are located in Mainland China.

Information about major customers

External customers that each contributes over 10% of total revenue of the Group for the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Customer A	**548,336**	874,528
Customer B	**N/A***	191,981

* The revenue from Customer B for the six months ended 30 June 2025 did not contribute over 10% of the total revenue of the Group for that period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Manufacture and sale of welded steel pipes and the provision of related manufacturing services	**1,262,474**	1,637,661
Sale of properties	**126,229**	—
	1,388,703	1,637,661
Revenue from lease contracts		
Rental income	**480**	480
	1,389,183	1,638,141
Other income and gains		
Bank interest income	**94**	77
Subsidy income from the PRC government*	**20,849**	13,577
Gain on disposal of property, plant and equipment	**1,160**	—
Written off principal portion of Fixed rate bonds and notes**	**6,451**	—
Written off interest portion of Fixed rate bonds and notes**	**13,760**	—
Gain on disposal of a subsidiary#	**78,665**	—
Others	**14,776**	17,716
	135,755	31,370

* The subsidy income represented subsidies granted by the local finance bureaus in the PRC to certain subsidiaries of the Group, mainly as compensation for certain projects. There are no unfulfilled conditions or contingencies relating to such subsidies.

** The Group entered a settlement deed with the noteholder and had fully redeemed the Settlement Amount and the noteholder had surrendered the entire 2020 Notes and released and discharged the Group from all its obligations pursuant to or under the above transaction documents.

\# On 6 January 2025, the Group disposed one of its subsidiaries with net liability of approximately RMB78,365,000 at the consideration of RMB300,000. As a result, the Group recorded a gain on disposal of approximately RMB78,665,000 for the six months ended 30 June 2025.

Revenue from contracts with customers:

(i) Disaggregated revenue information:

Six months ended 30 June 2025 (unaudited)	**Steel pipes** *RMB'000*	**Property development and investment** *RMB'000*	**Total** *RMB'000*
Sales of goods/properties	**1,217,599**	**126,229**	**1,343,828**
Rendering of services	**44,875**	**—**	**44,875**
Total revenue from contracts with customers	**1,262,474**	**126,229**	**1,388,703**
Geographical markets			
Mainland China	**291,072**	**126,229**	**417,301**
Africa	**550,955**	**—**	**550,955**
Other Asian countries	**157,647**	**—**	**157,647**
Middle East	**241,608**	**—**	**241,608**
Europe	**—**	**—**	**—**
South America	**21,192**	**—**	**21,192**
North America	**—**	**—**	**—**
Total revenue from contracts with customers	**1,262,474**	**126,229**	**1,388,703**
Timing of revenue recognition			
Goods/properties transferred at a point in time	**1,217,599**	**126,229**	**1,343,828**
Services transferred over time	**44,875**	**—**	**44,875**
Total revenue from contracts with customers	**1,262,474**	**126,229**	**1,388,703**

Six months ended 30 June 2024 (unaudited)	Steel pipes *RMB'000*	Property development and investment *RMB'000*	Total *RMB'000*
Sales of goods/properties	1,597,409	—	1,597,409
Rendering of services	40,252	—	40,252
Total revenue from contracts with customers	1,637,661	—	1,637,661
Geographical markets			
Mainland China	341,665	—	341,665
Africa	947,460	—	947,460
Other Asian countries	221,845	—	221,845
Middle East	73,037	—	73,037
Europe	2,345	—	2,345
South America	8,303	—	8,303
North America	43,006	—	43,006
Total revenue from contracts with customers	1,637,661	—	1,637,661
Timing of revenue recognition			
Goods/properties transferred at a point in time	1,597,409	—	1,597,409
Services transferred over time	40,252	—	40,252
Total revenue from contracts with customers	1,637,661	—	1,637,661

The following table shows the amounts of revenue recognised in the current Period that were included in the contract liabilities at the beginning of the Period and recognised from performance obligations satisfied in the current periods:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the Period:		
Manufacture and sale of seam welded steel pipes and the provision of related manufacturing services	**239,698**	72,164
Sale of properties	**126,229**	—
	365,927	72,164

(ii) Performance obligations:

Information about the Group's performance obligations is summarised below:

Sale of steel pipes

For sale of steel pipes, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Transportation and handling activities that occur before customer obtain control are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. Payment is generally due 30 days to 90 days from the invoice date, except for new customers, where payment in advance is normally required.

Sale of properties

The performance obligation is satisfied upon the physical possession of the completed property is obtained by the purchasers.

Manufacturing services

The Group provides manufacturing services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these manufacturing services based on the stage of completion of the contract using input method. Payment is generally due within 50 days from the date of delivery or customer acceptance of the product processed.

6. OTHER EXPENSES, NET

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Compensation	**1,892**	3,022
Loss on deregistration of subsidiaries	**—**	4,056
Write-off of other receivables	**—**	46,341
Provision of claim arising from litigations	**—**	2,020
Write-off of property, plant and equipment	**—**	88
Impairment of other receivables	**—**	27,593
Others	**4,175**	310
	6,067	83,430

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings (including bonds and notes)	**54,447**	57,563
Interest on discounted bills	**119**	510
Interest on lease liabilities	**20**	49
Total interest expenses	**54,586**	58,122

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**966,752**	1,250,491
Cost of services provided	**59,915**	80,374
Cost of properties sold	**107,128**	—
Depreciation of property, plant and equipment	**32,441**	35,688
Depreciation of right-of-use assets	**7,585**	7,956
Gain on disposal of property, plant and equipment	**(1,160)**	—
Research and development costs *(Note)*	**62,484**	16,173

Note: The research and development costs is included in Administrative expenses as presented in interim Condensed Consolidated Statement of Profit or Loss.

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profit currently arising in Hong Kong for the Period.

All subsidiaries of the Group operating in Mainland China are taxed in accordance with the Corporate Income Tax Law. There were three types of tax rates during the Period for the Group, including the 25% tax rate, the 15% tax rate for the High and New Technology Enterprise, and the preferential tax rate policy for small and low-profit enterprises.

The major components of the income tax expense/(credit) in the interim condensed consolidated statement of profit or loss are as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current — Mainland China:		
PRC CIT charge for the Period	**14,152**	21,031
PRC CIT under/(over-provision) in prior period	**466**	(63,882)
Deferred tax	**(11,232)**	—
Total tax expense/(credit) for the Period	**3,386**	(42,851)

10. INTERIM DIVIDEND

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

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the Period attributable to owners of the Company and the weighted average number of ordinary shares of 1,011,142,000 (30 June 2024: 1,011,142,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024.

12. PROPERTY, PLANT AND EQUIPMENT

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
At beginning of the period/year	**1,830,141**	1,839,427
Additions	**10,976**	62,333
Disposals	**(166)**	(1,683)
Depreciation	**(32,441)**	(65,142)
Write-off	**—**	(4,794)
At end of the period/year	**1,808,510**	1,830,141

The Group's property, plant and equipment with a net carrying amount of approximately RMB651,620,000 (31 December 2024: RMB662,261,000) were pledged to secure the Group's bank loans and other borrowings, as further detailed in note 18.

13. INVESTMENT PROPERTIES

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Commercial properties in Mainland China, the PRC		
Carrying amount at beginning of the period/year	**355,000**	360,000
Net loss from fair value adjustment	**—**	(5,000)
Carrying amount at end of the period/year	**355,000**	355,000

14. INVENTORIES

	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
Raw materials	**45,007**	231,617
Work in progress	**44,477**	379,594
Finished goods	**302,697**	218,763
	392,181	829,974
Less: Provision against slow-moving and obsolete inventories	**(13,661)**	(13,661)
	378,520	816,313

15. TRADE AND BILLS RECEIVABLES

	30 June 2025 (Unaudited) *RMB'000*	31 December 2024 (Audited) *RMB'000*
Trade receivables	**596,124**	448,739
Impairment allowance	**(95,821)**	(95,821)
Trade receivables, net	**500,303**	352,918
Bills receivable	**8,689**	18,813
	508,992	371,731

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the Period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Within 60 days	**340,460**	189,852
61 to 90 days	**17,067**	15,399
91 to 180 days	**19,745**	48,738
181 to 365 days	**35,547**	17,383
1 to 2 years	**47,921**	40,080
2 to 3 years	**39,563**	41,466
	500,303	352,918

16. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the Period, based on the invoice date, is as follows:

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Trade payables		
Within 90 days	**276,776**	601,752
91 to 180 days	**149,412**	48,251
181 to 365 days	**222,221**	114,183
1 to 2 years	**63,299**	45,581
2 to 3 years	**64,401**	16,282
Over 3 years	**118,482**	127,756
	894,591	953,805
Bills payable	**131,160**	109,561
	1,025,751	1,063,366

The trade payables are non-interest-bearing and are normally settled within a year. The maturity dates of all the bills payable are within 365 days.

17. FIXED RATE BONDS AND NOTES

	30 June 2025				31 December 2024			
	Principal at original currency 'million	**Contractual interest rate (%) per annum**	**Maturity**	**(Unaudited) *RMB'000***	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	(Audited) *RMB'000*
Current								
2020 Notes	**N/A**	**N/A**	**N/A**	**—**	HK$59	12.0	2024	54,636
2022 Bonds B	**N/A**	**N/A**	**N/A**	**—**	HK$2	8.0	2025	1,852
				—				56,488

HK$140,000,000 12% notes due in 2023 (2020 Notes)

On 27 April 2020, the Company issued 12% notes due on 27 April 2022 but the expiry date could be extended to 30 September 2022 with a principal amount of HK$140,000,000 to an investment fund (the "**2020 Notes**"). The notes beared interest at a fixed rate of 12% per annum, payable semiannually in arrears. Pursuant to the purchase agreement, specific performance obligations were imposed on the controlling shareholder of the Group. Any breach of the specific performance obligations might constitute a breach under the note purchase agreement, pursuant to which the investment fund was entitled to redeem the 2020 Notes in accordance with the terms and conditions. The Company and the noteholder mutually agreed to extend the maturity date to 22 December 2023. The 2020 Notes matured on 22 December 2023 and was not repaid by the Company upon the maturity date. Interest on the 2020 Notes carried interest at 12% per annum was recognised in the profit and loss of the Group and the related interests payable were included in other payables and accruals. On 19 December 2024, the Company entered a settlement deed with the noteholder. The Company covenanted and agreed to pay a sum of HK$54,000,000 (the "**Settlement Amount**") to the noteholder into the noteholder's bank account, in full and final settlement of all liabilities and obligations at any time due. As at 30 June 2025, the Company had fully redeemed the Settlement Amount and the noteholder had surrendered the entire 2020 Notes and released and discharged the Company from all its obligations pursuant to or under the above transaction documents.

HK$2,000,000 8% bonds due in 2025 (2022 Bonds B)

On 8 January 2022, the Company issued bonds with a principal amount of HK$2,000,000 to an individual investor (the "**2022 Bonds B**"). The bonds should be repayable in full by 9 January 2023 but the expiry date had been extended to 9 January 2024 and further extended to 9 January 2025 and concluded during period by the Company and the investor. The bonds beared interest at a fixed coupon interest rate of 6% per annum, payable monthly in arrears. From 9 January 2023, the interest rate of the 2022 Bonds B increased from 6% per annum to 8% per annum. The bonds were unsecured. As at 30 June 2025, the Company had fully redeemed the 2022 Bonds B.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2025			31 December 2024		
	Effective interest rate	**Maturity**	**(Unaudited)**	Effective interest rate	Maturity	(Audited)
	%		***RMB'000***	*%*		*RMB'000*
Current						
Lease liabilities	**9.13**	**Jan 2026**	**287**	9.13	Dec 2025	516
Bank loans						
— secured	**3.60–5.66**	**Jun 2026**	**417,670**	4.50–5.66	Dec 2025	450,300
— unsecured	**3.00–5.44**	**Jun 2026**	**179,074**	3.55–5.44	Dec 2025	150,370
Other borrowings						
— secured	**5.57–9.09**	**Jun 2026**	**57,566**	5.00–9.09	Dec 2025	111,268
— unsecured	**11.20**	**Jun 2026**	**194,557**	11.20	Dec 2025	200,827
Current portion of long term bank loans						
— secured	**3.41–4.90**	**Jun 2026**	**104,000**	3.41–4.09	Dec 2025	54,000
			953,154			967,281
Non-current						
Lease liabilities	**N/A**	**N/A**	**—**	9.13	Jan 2026	28
Bank loans						
— secured	**3.41–4.90**	**Dec 2027–Oct 2028**	**730,364**	3.41–4.90	Dec 2027–Oct 2028	808,134
Other borrowings						
— secured	**5.57–6.80**	**Aug 2026–Mar 2027**	**13,872**	5.00–6.80	Aug 2026	33,002
			744,236			841,164
			1,697,390			1,808,445

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	**700,744**	654,670
In the second year	**614,364**	690,134
In the third to fifth years, inclusive	**116,000**	12,000
Beyond five years	**—**	106,000
	1,431,108	1,462,804
Other borrowings repayable:		
Within one year	**252,123**	312,095
In the second year	**13,872**	33,002
	265,995	345,097
Lease liabilities repayable:		
Within one year	**287**	516
In the second year	**—**	28
	287	544
	1,697,390	1,808,445

Certain of the Group's bank loans and other borrowings are secured by:

(a) the pledge of certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB651,620,000 (31 December 2024: RMB662,261,000) as at the end of the Period;

(b) the pledge of certain of the Group's leasehold land with a net carrying amount of approximately RMB458,076,000 (31 December 2024: RMB464,673,000) as at the end of the Period; and

(c) the pledge of certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB956,564,000 (31 December 2024: RMB1,001,224,000) as at the end of the Period.

Except for the bank loans and other borrowings of RMBNil (31 December 2024: RMB85,000) as at 30 June 2025, which are denominated in HK$, all borrowings are denominated in RMB.

The Group had the following undrawn banking facilities:

	30 June 2025 *RMB'000*	31 December 2024 *RMB'000*
Floating rate		
— expiring within one year	**199,876**	252,290
— expiring beyond one year	**825,636**	797,865
Total undrawn banking facilities	**1,025,512**	1,050,155

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Financial Results

For the six months ended 30 June 2025 (the "**Period**"), we recorded a revenue of approximately RMB1,389.2 million (six months ended 30 June 2024 ("**1H2024**"): RMB1,638.1 million), representing a decrease of approximately 15.2% as compared with the corresponding period in 2024. Profit attributable to ordinary equity holders of the Company was RMB171.7 million (1H2024: RMB129.5 million). Earnings per share for the Period was RMB0.17 (1H2024: RMB0.13). The Board did not recommend the payment of interim dividend for the Period (1H2024: Nil).

Revenue

Revenue of the Group mainly comprises (i) sales of steel pipe, and (ii) sales of property.

During the Period, we recorded a revenue of approximately RMB1,389.2 million (1H2024: RMB1,638.1 million), representing a decrease of approximately 15.2% as compared with the corresponding period in 2024. The revenue decrease was due to the completion of delivery of steel pipes to a sizeable project of East African Crude Oil Pipeline during the Period.

The following table sets forth the revenue and gross profit by business segments for each of the periods indicated:

	Six months ended 30 June			
	2025		2024	
	RMB'000	***% to total***	*RMB'000*	*% to total*
	(Unaudited)		(Unaudited)	
Revenue				
Steel pipes	**1,262,474**	**90.9%**	1,637,661	100.0%
Property development and investment	**126,709**	**9.1%**	480	0.0%
	1,389,183	**100.0%**	1,638,141	100.0%

During the Period, the steel pipe revenue from domestic sales and overseas sales represented approximately 23.1% (1H2024: 20.9%) and approximately 76.9% (1H2024: 79.1%) respectively of our total steel pipe revenue.

Sales by geography — Steel Pipes

	Six months ended 30 June			
	2025		2024	
	RMB'000 **(Unaudited)**	***% of revenue***	*RMB'000* (Unaudited)	*% of revenue*
Domestic sales	**291,072**	**23.1%**	341,665	20.9%
Overseas sales	**971,402**	**76.9%**	1,295,996	79.1%
Total steel pipes and manufacturing services	**1,262,474**	**100.0%**	1,637,661	100%

Sales by products — Steel Pipes

	Six months ended 30 June			
	2025		2024	
	RMB'000 **(Unaudited)**	***% of revenue***	*RMB'000* (Unaudited)	*% of revenue*
Manufacture and sale of steel pipes				
LSAW steel pipes	**1,074,126**	**85.1%**	1,364,809	83.3%
SSAW steel pipes	**99,864**	**7.9%**	171,891	10.5%
ERW steel pipes	**111**	**0%**	2,181	0.1%
Sub-total	**1,174,101**	**93.0%**	1,538,881	93.9%
Steel pipes manufacturing services				
LSAW steel pipes	**10,668**	**0.9%**	21,494	1.3%
SSAW steel pipes	**33,218**	**2.6%**	18,758	1.2%
ERW steel pipes	**989**	**0%**	—	—
Sub-total	**44,875**	**3.5%**	40,252	2.5%
Others	**43,498**	**3.5%**	58,528	3.6%
Total	**1,262,474**	**100.0%**	1,637,661	100.0%

Steel Pipes

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales	**1,262,474**	1,637,661
Cost of sales and services	**(1,026,667)**	(1,330,865)
Gross profit	**235,807**	306,796

Gross Profit and Gross Profit Margin — Steel Pipes

During the Period, our gross profit of steel pipes was approximately RMB235.8 million (1H2024: RMB306.8 million), representing a decrease of approximately 23.1% as compared with the corresponding period in 2024. The overall gross profit margin was approximately 18.7%, which was similar to that for the same period in 2024 which was approximately 18.7%.

Property development and investment

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Property sales:		
Sales	**126,229**	—
Cost of sales	**(107,128)**	—
Gross profit	**19,101**	—
Rental income	**480**	480
Total revenue	**126,709**	480

Revenue generated from the property development and investment segment mainly comprises sales of property of GDC-Phase II and rental income from shops in Phase I of GDC. Revenue under property development and investment was approximately RMB126.2 million during the Period as compared with nil amount during the corresponding period in 2024. Rental income during the period in both 2025 and 2024 was the same.

Cost of sales primarily represents the costs we incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct costs of construction and the costs of obtaining land use rights. Cost of sales was approximately RMB107.1 million during the Period as compared with nil amount during the corresponding period in 2024.

Gross profit of property sales was approximately RMB19.1 million during the Period as compared with nil amount during the corresponding period in 2024.

All revenue under property development and investment was domestic in nature.

Other income and gains for the Period were approximately RMB135.8 million (1H2024: RMB31.4 million), representing an increase of approximately 332.8% as compared with the corresponding period in 2024. Such increase was mainly due to the gain of disposal of a subsidiary and written off the principal and interest portion of fixed rate bonds and notes.

Selling and distribution expenses for the Period were approximately RMB21.7 million (1H2024: RMB30.7 million), representing a decrease of approximately 29.5% as compared with the corresponding period in 2024. The decrease in selling and distribution expenses was due to the decrease in commission and consultant fees.

Administrative expenses for the Period were approximately RMB139.3 million (1H2024: RMB96.8 million), representing an increase of approximately 43.8% as compared with the corresponding period in 2024. The increase in administrative expenses was mainly due to the increase in research and development expenses.

Finance costs for the Period were approximately RMB54.6 million (1H2024: RMB58.1 million), representing a decrease of approximately 6.1% as compared with the corresponding period in 2024. The decrease in finance costs was mainly due to decrease in average borrowing balance during the Period.

The Group recorded other expenses of approximately RMB6.1 million for the Period (1H2024: RMB83.4 million), representing a decrease of approximately 92.7% as compared with the corresponding period in 2024. The decrease was due to decrease in write off and impairment of other receivable during the Period.

The Group recorded exchange gain of approximately RMB5.6 million during the Period as compared to exchange gain of approximately RMB17.1 million during the corresponding period in 2024. The exchange gain was mainly due to the appreciation of USD against RMB.

Income tax expenses of approximately RMB3.4 million were recorded for the Period (1H2024: income tax credit of RMB42.9 million). The income tax expenses during the Period was mainly due to provision of tax on profit of certain subsidiaries during the Period.

As a result of the above, the net profit attributable to ordinary equity holders of the Company was approximately RMB171.7 million (1H2024: RMB129.5 million). Earnings per share for the Period was RMB0.17 (1H2024: RMB0.13).

BUSINESS REVIEW

Steel pipe business

We mainly manufacture and sell welded steel pipes and provide welded steel pipes manufacturing services. Our welded steel pipe products can be broadly categorised into LSAW steel pipes, SSAW steel pipes and ERW steel pipes. We are one of the largest LSAW steel pipes manufacturers in the PRC and are capable of manufacturing LSAW steel pipes that meet the X100 standard. We also hold 13 international quality certifications accredited by renowned certification bodies, such as Det Norske Veritas ("**DNV**") and American Petroleum Institute ("**API**"). In addition, we are the first and only PRC manufacturer that has successfully developed deep sea welded pipes for use at a water depth of 3,500 m. Our products are widely used in major oil and gas pipeline projects (both onshore and offshore) and infrastructure projects domestically and internationally.

We are capable of manufacturing subsea pipes and drilling platform structure pipes for offshore projects and are classified as part of the Offshore Engineering Equipment Industry* (海洋工程裝備製造業).

During the Period, we received new orders of approximately 202,000 tonnes of steel pipes. We delivered approximately 215,000 tonnes of welded steel pipes during the Period.

* *unofficial transliteration from Chinese name for identification purposes only*

Property development

Apart from the steel pipe manufacturing business, the Group also engaged in property development and investment. Following the conversion of a land in Panyu, PRC in 2013, the Group grasped the opportunity of asset appreciation to convert the land use right of the Panyu production plant from industrial use to commercial use. The property project, named Golden Dragon City Fortune Plaza (金龍城財富廣場), is a large scale integrated commercial complex of offices, shops, apartments and villas. The land area of the converted land accounted for approximately 25% of the total land area of our factory in Panyu. The total permitted construction area of the land (including underground construction area) is approximately 550,000 m^2.

Below is a summary information of GDC:

Address:	Qinghe Road, Shiji Town, Panyu District, Guangzhou City, Guangdong, PRC
Usage:	Large scale integrated commercial complex of offices, shops, apartments and villas
The total permitted construction area (including underground construction area)	Phase I: 135,000 m^2 Phase II: 191,000 m^2 Phase III: 224,000 m^2

The Group recorded most of the sales of the first phase of GDC in 2018. The Group started to recognise sales of the second phase of GDC in 2022. The land with respect to the third phase of GDC was sold to Guangzhou City Panyu District Land Development Centre* (廣州市番禺區土地開發中心) in 2019.

The steel pipe business remains as the Group's core business.

FUTURE PLAN AND PROSPECTS

Tension in the Middle East and climate change have exacerbated uncertainty in the global energy market amidst the ongoing Russia-Ukraine conflict. The continued downward trend in global inflation, the continued sluggishness of the European economy, the slowdown in the economic growth of the United States, the appreciation of the US dollar and the depreciation of the Renminbi have posed challenges to the Group's international trade. The Group expects that the year 2025 will remain a challenging year for the oil and natural gas industry. In the medium and long term, it is expected that the oil and natural gas industry will continue to develop due to the combined effects of the insufficient oil and natural gas pipeline facilities, and China's emphasis on energy security and the promotion of clean energy.

For a long time, oil and natural gas have always been the overriding primary energy in the global energy consumption structure, and China is no exception. In recent years, the output of crude oil and natural gas has continued to increase, especially for clean energy such as natural gas, which has experienced long-term rapid growth in output. Oil and gas pipeline construction industry is an important part of the development of China's energy industry, as well as an important support for national energy security and economic development. With the rapid development of China's economy, the oil and gas pipeline industry has developed rapidly, and the market size has been expanding. In August 2024, the State Council Information Office of the PRC issued the white paper on China's Energy Transition. The white paper pointed out that in order to enhance the optimal allocation of resources, China has accelerated the construction of energy network infrastructure spanning east to west, north to south, and covering the whole country, enhancing the ability of energy transmission over a wide range of long distances. The interconnection of energy pipelines and networks has been strengthened, and the national network of oil, gas and electricity is becoming more and more dense, with the resilience of the energy system being continuously improved.

At the beginning of 2022, the National Development and Reform Commission and the National Energy Administration issued the "14th Five-Year Plan Modern Energy System Plan", which put forward the goal that by 2025, the scale of domestic oil and gas pipeline network would reach approximately 210,000 kilometers. As of the end of 2023, the total mileage of long-distance oil and gas pipelines in China reached approximately 190,000 kilometers, including 33,000 kilometers of crude oil pipelines, 33,000 kilometers of refined oil pipelines and 124,000 kilometers of natural gas pipelines. According to the demand forecast under the "dual carbon" goal, it is expected that China will add a total of approximately 65,000 kilometers of natural gas pipeline construction by 2035, including 29,500 kilometers of new trunk pipelines and 35,300 kilometers of provincial pipelines, approximately 2,000 kilometers of new crude oil pipelines and 4,000 kilometers of refined oil product pipelines. The "14th Five-Year Plan" will see China's oil and gas pipeline network enter into a new development stage of "national network" with physical interconnection and fair and open services, and it is expected that China will enjoy a stable growth in pipeline transportation in the next 10 to 20 years, of which the construction of pipeline transportation for natural gas pipelines and other ancillary facilities will be the focus of development. In 2024, major trunk pipeline projects such as the China Russia East Line (except for the Nantong-Luzhi section which is under construction), the West-East line 3 (except for the Zhongwei-Zaoyang section which is under construction), and the Shaanxi-Beijing line 3/4 had been completed and commissioned. The Group will benefit from the construction of oil and natural gas pipelines.

In order to implement the energy security strategy of “Four Revolutions and One Co-operation”, China Oil & Gas Pipeline Network Corporation (“**PipeChina**”) was formally established at the end of 2019, which is principally engaged in the investment, construction and operation of infrastructure such as oil and gas trunk pipeline networks and gas storage and peak shaving, the interconnection of the trunk pipeline network and the connection of social pipelines, as well as the operation and scheduling of the national oil and gas pipeline network. In recent years, PipeChina has accelerated the interconnection of the trunk pipeline network and promoted the interconnection of the west-east gas transmission pipeline system with the China-Russia East Line and the Jiangsu-Anhui Pipeline in the Yangtze River Delta Region, so as to weave the “line” into a “network” and form the “west-east gas transmission, Russian-south gas transmission, south-north gas transmission, Sichuan-east gas transmission, sea gas delivery to land, flexible deployment, comprehensive protection” pattern of gas supply, enhancing the oil and gas transportation capacity, to ensure a safe and stable supply of oil and gas energy. PipeChina plans to accelerate the construction of a “national network” of oil and gas in the future, and to unify the advantages of planning, construction and operation, and to accelerate the layout of the “6 major strategic channels + 7 verticals, 7 horizontals” natural gas pipeline network structure, “4 major strategic channels + 3 major regions” crude oil pipeline network structure, and the “3 verticals, 3 horizontals + 5 major regions” refined oil pipeline network structure. Since its establishment, PipeChina has been constantly strengthening the overall co-ordination of China’s oil and gas pipeline network layout, which has a positive impact on the development of the industry, and the Group’s position as a qualified supplier of PipeChina has also had a positive impact on the Group.

According to the China Natural Gas Development Report (2024), in 2023, a series of major achievements were made in domestic natural gas exploration, with major breakthroughs in onshore ultra-deep, deepwater and unconventional gas exploration, and the discovery of a number of hundreds of billions of cubic meters of gas zones in basins such as the Tarim, Sichuan and Erdos, etc. National natural gas consumption increased from 184.8 billion cubic meters in 2014 to 394.5 billion cubic meters in 2023, and the increase in consumption accounted for 37% of the total increase in global consumption. 165.6 billion cubic meters of natural gas was imported into the country in 2023, a year-on-year increase of 9.9%, with the main sources of imports including Turkmenistan, Australia, Russia, Qatar, etc. In 2023, the total mileage of long-distance natural gas pipelines in China was 124,000 kilometers, with more than 4,000 kilometers of long-distance pipelines completed, and more than 4,000 kilometers of new pipelines was added in 2024. As a manufacturer of natural gas welded steel pipe, the Group will firmly seize these opportunities.

In order to achieve the "dual carbon" strategic goal of "achieving peak carbon dioxide emission before 2030 and carbon neutrality before 2060", China indicates that ecology-focused green and low-carbon development will become the leading strategy in the future. In the medium to long term, natural gas will become the focus of energy development, while oil and gas companies will also actively develop and explore clean energy, such as hydrogen, wind power and hydro-power. The construction of a series of natural gas pipeline, wind power and offshore platforms will be accelerated. In addition, the Group will actively expand its insulation pipe business, aiming to meet the demand for green and low-carbon products. With its technical strength and track record, the Group will be able to jointly achieve the "dual carbon" strategic goal of "carbon neutrality".

In the international market, although the ongoing Russia-Ukraine conflict and the tense situation in the Middle East have exacerbated uncertainty of the global energy market, the continued increase in crude oil supply has put international oil prices on a long-term bearish trend. On the other hand, insufficient global economic growth momentum, increased use of alternative energy, and warmer winter temperatures have led to a sharp drop in international gas prices. According to the China Natural Gas Development Report (2024), in 2023, the total mileage of natural gas pipelines in operation worldwide was 1.36 million kilometers, mainly in North America, Europe, Asia-Pacific, Russia-Central Asia, and China, indicating that the natural gas pipeline coverage rate in other undeveloped countries is still low. In addition, the report mentioned that according to the report "On the Path to 100% Clean Electricity" released by the U.S. Department of Energy, it is planned to achieve 100% clean electricity by 2035, and the proportion of clean energy power generation will be increased from 44% to 71%, and certain countries will continue to withdraw from nuclear and coal power generation, which will enable the Group to further expand its market share of the welded pipe overseas.

The Group believes that it is also our mission to achieve national energy safety and dual carbon goal, which will create business opportunities for the steel pipe manufacturing industry at the same time. Therefore, the Group will firmly seize the opportunities to boost its sales. As our long-term strategic goal is to become a leading global steel pipe manufacturer, the Group will expand our customer bases and market share by participating in more global oil and gas and engineering projects, diversify the use of steel pipes by supplying steel pipes for projects in infrastructure and high-end construction fields, such as bridges, wind power generation, offshore platforms, insulation pipe and water pipes. The Group will also continue to leverage its strengths in the steel pipe industry to secure more project orders.

EMPLOYEES

As at 30 June 2025, we had 862 full time employees in total (as at 31 December 2024: 858). To retain our employees, we provide competitive remuneration package including salaries, medical insurance, discretionary bonuses, other benefits as well as mandatory retirement benefit schemes for employees in their respective countries.

EXCHANGE RISK EXPOSURE

During the Period, most of our operating transactions were settled in RMB except for export sales which were mostly denominated in USD. Most of our assets and liabilities were denominated in RMB. We did not adopt formal hedging policies nor instruments of foreign currency for hedging purposes during the Period.

INTERIM DIVIDEND

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

FINANCIAL GUARANTEE

As at 30 June 2025, the Group guaranteed RMB15.2 million (as at 31 December 2024: RMB17.9 million) to certain purchasers of the Group's properties for mortgage facilities.

PLEDGE OF ASSETS

As at 30 June 2025, we pledged the following assets to secure bank loans and other borrowings granted to the Group:

(i) certain property, plant and equipment with an aggregate net book value of RMB651.6 million (as at 31 December 2024: RMB662.3 million);

(ii) leasehold lands with an aggregate net book value of RMB458.1 million (as at 31 December 2024: RMB464.7 million); and

(iii) completed properties held for sale with an aggregate net book value of RMB956.6 million (as at 31 December 2024: RMB1,001.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, our cash and bank balances and current ratio, as a ratio of current assets to current liabilities, were approximately RMB44.6 million (as at 31 December 2024: RMB53.3 million) and 0.92 (as at 31 December 2024: 0.90) respectively.

On 27 April 2020, the Company entered into a subscription agreement with an investment fund, pursuant to which the Company agreed to issue, and the investment fund agreed to subscribe for HK$140,000,000 12% bonds due in April 2022 (the "**Bonds**"). The Company and the noteholder mutually agreed to extend the maturity date to 20 January 2025. Mr. Chen Chang, an executive Director and the controlling shareholder of the Company, undertakes and covenants that for so long as any of the Bonds remain outstanding, he shall remain as (i) the single largest direct or indirect shareholder of the Company; and (ii) the chairman of the Board and executive Director (the "**Specific Performance Obligations**"). Any breach of the Specific Performance Obligations may constitute an event of default under the Bonds and the bondholder was entitled to redeem the Bonds immediately upon the occurrence of the breach in accordance with the terms and conditions of the Bonds. As at 30 June 2025, the Company had fully settled the Bonds.

As at 30 June 2025, our aggregate borrowings were approximately RMB1,697.4 million (as at 31 December 2024: approximately RMB1,865 million), of which approximately RMB1,697.1 million (as at 31 December 2024: RMB1,807.5 million) were bank loans and other borrowings, approximately RMBnil (as at 31 December 2024: RMB56.5 million) were USD and HKD bonds and approximately RMB0.3 million (as at 31 December 2024: RMB1.0 million) were lease liabilities.

Included in the aggregate borrowings as at 30 June 2025 were property development loans of around RMB710.4 million. Excluding the above loans, the loans for our steel pipe business as at 30 June 2025 were around RMB987 million. We have to finance our working capital by short term borrowings as most of the cost of sales is incurred on the procurement of steel plates and steel coils. Once we receive sales proceeds from our customers, we will repay the short term borrowings.

The gearing ratio, expressed as a percentage of the summation of interest bearing borrowings and bonds over total assets was approximately 27.0% as at 30 June 2025 (as at 31 December 2024: 28.7%).

The maturity profile of our total borrowings as at 30 June 2025 was approximately 56% (as at 31 December 2024: 55%) of the total borrowings repayable within one year, and approximately 44% (as at 31 December 2024: 45%) of the total borrowings repayable over one year.

As at 30 June 2025, approximately 87% (as at 31 December 2024: 81%) of our total borrowings were denominated in RMB which carried interest rates linked to the benchmark lending rate published by the People's Bank of China, approximately 13% (as at 31 December 2024: 14%) of our total borrowings were denominated in RMB which carried fixed interest rate and approximately nil% (as at 31 December 2024: 5%) of our total borrowings were denominated in USD and HKD which carried fixed interest rate.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no other significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

EVENT AFTER THE REPORTING PERIOD

As at the date of this announcement, there is no significant event subsequent to 30 June 2025 which would materially affect the Group's operating and financial performance.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025.

CG CODE C.2.1

The Company is aware of the requirement under paragraph C.2.1 of the CG Code that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive". The role is currently performed by Mr. Chen Chang, an executive Director, the chairman and founder of the Group, who is responsible for the leadership and effective running of the Company and ensuring that all material issues are decided by the Board in a conducive manner. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management who are in charge of different functions will complement Mr. Chen in carrying out his responsibilities. The Board is of the view that this structure provides the Group with strong and consistent leadership, facilitates effective and efficient planning and implementation of business decisions and strategies, and ensures the generation of shareholders' benefits.

The Board will nevertheless review the management and Board structure from time to time to ensure appropriate measures would be taken should suitable circumstances arise.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Following specific enquiries having been made of all Directors, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company's audit committee (the "**Audit Committee**") comprises Mr. Au Yeung Kwong Wah (Chairman), Mr. Chen Ping and Mr. Zhan Jian Zhou, who are the independent non-executive Directors of the Company.

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2025.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed and reviewed the adequacy and effectiveness of the Group's internal control system, risk management functions and financial reporting system.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the website of the Stock Exchange at **http://www.hkexnews.hk** and the Company's website at **http://www.pck.com.cn**. The interim report for the six months ended 30 June 2025 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Stock Exchange in due course.

By Order of the Board
Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited
Chen Chang
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chen Chang, and Ms. Chen Zhao Nian; and three independent non-executive Directors, namely Mr. Chen Ping, Mr. Au Yeung Kwong Wah and Mr. Zhan Jian Zhou.