2025 Interim Report

PETRO-KING OILFIELD SERVICES LIMITED

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 2178

Petro-king
百勤油服

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Mr. Lin Jingyu (林景禹)
Ms. Zhou Sisi (周思思)

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Mr. Leung Lin Cheong (梁年昌)
Mr. Xin Junhe (辛俊和)
Mr. Zhang Dawei (張大偉)

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Mr. Xin Junhe (辛俊和)
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STOCK CODE

2178

BUSINESS REVIEW

During 1H2025, the Group was principally engaged in the provision of production enhancement services, drilling services, consultancy services for oilfields and gas fields, with auxiliary activities in the trading of oilfield and gas field related products.

In 1H2025, the Group's revenue decreased by approximately 32.9% from approximately HK$165.9 million in 1H2024 to approximately HK$111.3 million in 1H2025. The decrease in revenue was mainly due to the decrease in the provision of production enhancement services in Southwestern China as a customer has postponed the production enhancement works of certain shale gas fields to the second half of 2025 in accordance with its internal extraction plan. In addition, revenue from the Middle East market has decreased as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025.

The Group's net loss and loss attributable to owners of the Company for 1H2025 were approximately HK$11.5 million and HK$11.8 million, respectively, which represented increases of approximately HK$11.1 million and HK$11.4 million, respectively (1H2024: approximately HK$0.4 million and HK$0.4 million, respectively). The increases in net loss and loss attributable to owners of the Company were mainly attributable to the decrease in the Group's revenue in 1H2025.

Basic loss per share attributable to owners of the Company for 1H2025 was approximately HK0.68 cent (1H2024: approximately HK0.02 cent). The Board has resolved not to pay any interim dividend for 1H2025 (1H2024: Nil).

GEOGRAPHICAL MARKET ANALYSIS

	1H2025 ***(HK$ million)***	1H2024 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 1H2025** ***(%)***	Approximate percentage of total revenue in 1H2024 *(%)*
China market	**108.9**	147.9	-26.4	**97.8**	89.2
Overseas markets	**2.4**	18.0	-86.7	**2.2**	10.8
Total	**111.3**	165.9	-32.9	**100**	100

The Group's revenue from the China market decreased by approximately HK$39.0 million or approximately 26.4% to approximately HK$108.9 million in 1H2025 from approximately HK$147.9 million in 1H2024. The decrease in revenue from the China market was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

The Group's revenue from the overseas market decreased by approximately HK$15.6 million or approximately 86.7% to approximately HK$2.4 million in 1H2025 from approximately HK$18.0 million in 1H2024. The decrease in revenue from the overseas market was mainly due to the decrease in the provision of supervisory services in the Middle East market as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025. In addition, the Group's revenue from the provision of drilling services in Uzbekistan and the provision of integrated project management services in the Middle East market also decreased in 1H2025.

REVENUE FROM THE CHINA MARKET

	1H2025 **(*HK$ million*)**	1H2024 (*HK$ million*)	Approximate percentage change (*%*)	**Approximate percentage of total revenue from the China market in 1H2025** **(*%*)**	Approximate percentage of total revenue from the China market in 1H2024 (*%*)
Southwestern China	**73.4**	113.7	-35.4	**67.4**	76.9
Northern China	**21.0**	21.9	-4.1	**19.3**	14.8
Northwestern China	**11.0**	9.4	17.0	**10.1**	6.3
Other regions in China	**3.5**	2.9	20.7	**3.2**	2.0
Total	**108.9**	147.9	-26.4	**100**	100

The Group's revenue from Southwestern China amounted to approximately HK$73.4 million in 1H2025, which decreased by approximately HK$40.3 million or approximately 35.4% from approximately HK$113.7 million in 1H2024. The decrease was mainly due to the decrease in the provision of production enhancement services in this region.

In 1H2025, the Group's revenue from Northern China amounted to approximately HK$21.0 million, which decreased by approximately HK$0.9 million or approximately 4.1% from approximately HK$21.9 million in 1H2024. The decrease was mainly due to the decrease in the provision of production enhancement services in this region.

The Group's revenue from Northwestern China amounted to approximately HK$11.0 million in 1H2025, which increased by approximately HK$1.6 million or approximately 17.0% from approximately HK$9.4 million in 1H2024. The increase was mainly due to the increase in the provision of drilling services in Northwestern China, which was partly offset by the decrease in the provision of production enhancement services and the decrease in the well completion revenue in this region.

The Group's revenue from other regions in China amounted to approximately HK$3.5 million in 1H2025, which increased by approximately HK$0.6 million or approximately 20.7% from approximately HK$2.9 million in 1H2024. The increase in revenue from other regions in China was mainly due to the increase in the provision of supervisory services in these regions.

REVENUE FROM THE OVERSEAS MARKETS

	1H2025 *(HK$ million)*	1H2024 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue from the overseas markets in 1H2025** *(%)*	Approximate percentage of total revenue from the overseas markets in 1H2024 *(%)*
The Middle East	**1.4**	14.2	-90.1	**58.3**	78.9
Others	**1.0**	3.8	-73.7	**41.7**	21.1
Total	**2.4**	18.0	-86.7	**100**	100

In 1H2025, the Group's revenue from the Middle East amounted to approximately HK$1.4 million, which decreased by approximately HK$12.8 million or approximately 90.1% from approximately HK$14.2 million in 1H2024. The decrease was mainly due to the decrease in the provision of supervisory services in the Middle East market as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025. In addition, the revenue from the provision of integrated project management services in the Middle East market also decreased in 1H2025.

The Group's revenue from other overseas regions amounted to approximately HK$1.0 million in 1H2025, which decreased by approximately HK$2.8 million or approximately 73.7% from approximately HK$3.8 million in 1H2024. The decrease in revenue from other overseas regions was mainly due to the decrease in the provision of drilling services in Uzbekistan.

BUSINESS SEGMENT ANALYSIS

	1H2025 *(HK$ million)*	1H2024 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 1H2025 *(%)***	Approximate percentage of total revenue in 1H2024 *(%)*
Oilfield project tools and services	**105.4**	147.7	-28.6	**94.7**	89.0
Consultancy services	**5.9**	18.2	-67.6	**5.3**	11.0
Total	**111.3**	165.9	-32.9	**100**	100

In 1H2025, the Group's revenue from oilfield project tools and services amounted to approximately HK$105.4 million, which decreased by approximately HK$42.3 million or approximately 28.6% from approximately HK$147.7 million in 1H2024. The decrease in revenue from this segment was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

The Group's revenue from consultancy services amounted to approximately HK$5.9 million in 1H2025, which decreased by approximately HK$12.3 million or approximately 67.6%, from approximately HK$18.2 million in 1H2024. The decrease was mainly due to the decrease in the provision of supervisory services in the Middle East market as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025. In addition, the revenue from the provision of integrated project management services in the Middle East market also decreased in 1H2025.

Oilfield Projects Tools and Services

	1H2025 ***(HK$ million)***	1H2024 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue from oilfield project tools and services in 1H2025** ***(%)***	Approximate percentage of total revenue from oilfield project tools and services in 1H2024 *(%)*
Production enhancement	**93.7**	136.6	-31.4	**88.9**	92.5
Drilling	**10.7**	8.1	32.1	**10.2**	5.5
Well completion	**1.0**	3.0	-66.7	**0.9**	2.0
Total	**105.4**	147.7	-28.6	**100**	100

Production Enhancement

In 1H2025, the Group's revenue from production enhancement amounted to approximately HK$93.7 million, which decreased by approximately HK$42.9 million or approximately 31.4% from approximately HK$136.6 million in 1H2024. The decrease was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$10.7 million in 1H2025, which increased by approximately HK$2.6 million or approximately 32.1% from approximately HK$8.1 million in 1H2024. The increase was mainly due to the increase in the provision of drilling services in Northwestern China, which was partly offset by the decrease in the provision of drilling services in Uzbekistan.

Well Completion

The Group's revenue from well completion has amounted to approximately HK$1.0 million in 1H2025, which decreased by approximately HK$2.0 million or approximately 66.7% from approximately HK$3.0 million in 1H2024. The decrease was mainly due to the decrease in the sales of well completion tools in Northwestern China, which was partly offset by the increase in the sales of well completion tools in Northern China. In 1H2025, the Group's revenue from well completion includes commission income of approximately HK$0.3 million arising from facilitating the sales of well completion tools from the Petro-king Energy Technology Co., Ltd. ("**Petro-king Energy**") and its subsidiaries (collectively referred to as the "**Petro-king Energy Group**") to an independent customer. The related gross proceeds of approximately HK$2.8 million were considered as sales amount receivable by the Group on behalf of the Petro-king Energy Group as an agent. The gross proceeds from these sales, which did not represent revenue, represented the price at which products have been sold inclusive of commission income entitled by the Group. Accordingly, such commission income has been recorded by the Group on a net basis.

CUSTOMER ANALYSIS

Customer	**1H2025** ***(HK$ million)***	1H2024 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 1H2025** ***(%)***	Approximate percentage of total revenue in 1H2024 *(%)*
Customer 1	**81.0**	115.0	-29.6	**72.8**	69.3
Customer 2	**26.4**	30.3	-12.9	**23.7**	18.3
Customer 3	**1.4**	14.1	-90.1	**1.3**	8.5
Customer 4	**1.2**	2.3	-47.8	**1.1**	1.4
Customer 5	**0.5**	–	N/A	**0.4**	–
Other customers	**0.8**	4.2	-81.0	**0.7**	2.5
Total	**111.3**	165.9	-32.9	**100**	100

The revenue from Customer 1 amounted to approximately HK$81.0 million in 1H2025, which decreased by approximately HK$34.0 million or approximately 29.6% from approximately HK$115.0 million in 1H2024. This decrease was mainly due to the decrease in the provision of production enhancement services in Southwestern China as this customer has postponed the production enhancement works of certain shale gas fields to the second half of 2025 in accordance with its internal extraction plan, which was partly offset by the increase in the provision of drilling services in Northwestern China. The revenue from Customer 2 amounted to approximately HK$26.4 million in 1H2025, which decreased by approximately HK$3.9 million or approximately 12.9% from approximately HK$30.3 million in 1H2024. This decrease was mainly due to the decrease in the revenue of well completion in Northwestern China and the decrease in the provision of production enhancement services in Northern China for this customer. The revenue from Customer 3 amounted to approximately HK$1.4 million in 1H2025, which decreased by approximately HK$12.7 million or approximately 90.1% from approximately HK$14.1 million in 1H2024. This decrease was mainly due to the decrease in the provision of supervisory services to this customer in the Middle East as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025. In addition, the revenue from the provision of integrated project management services to this customer in the Middle East market also decreased in 1H2025. The revenue from Customer 4 amounted to approximately HK$1.2 million in 1H2025, which decreased by approximately HK$1.1 million or approximately 47.8% from approximately HK$2.3 million in 1H2024. This decrease was mainly due to the decrease in the provision of supervisory services to this customer in other regions in China. The revenue from Customer 5 amounted to approximately HK$0.5 million in 1H2025 (1H2024: Nil), which was derived from the provision of production enhancement services in Southwestern China. The revenue from other customers amounted to approximately HK$0.8 million in 1H2025, which dropped by approximately HK$3.4 million or approximately 81.0% from approximately HK$4.2 million in 1H2024. Such a decrease in revenue mainly resulted from the decrease in the provision of production enhancement services to a customer in Southwestern China and the decrease in the provision of drilling services to certain customers in other overseas regions.

HUMAN RESOURCES

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures that set out the requirements on compensation, termination, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and development. To equip our frontline staff with the right skillset and knowledge, we arranged for a series of training courses that cover technical updates in drilling and production enhancement technology, blast management, control at wells and environment management. We also worked with external organisations such as unions and consultants to provide training for the specific needs of certain operations. The Group has arranged 68 training sessions of more than 2,163 hours in total and 131 employees have attended these training programs in 1H2025. Besides, the Company has implemented a talents selection system to expand the promotion channel for employees in order to realise a win-win situation for both the Company and employees.

To cope with the development trend of the industry, the Group streamlined the organisation structure and the cost structure of all service lines as well as the supporting departments. The Company paid high attention to talent introduction and has recruited some international experts who are good at market development as well. The total headcount was 191 employees as at 30 June 2025, representing a decrease of approximately 2.1% as compared with that of 195 employees as at 31 December 2024.

RESEARCH AND DEVELOPMENT

As a high-end integrated oilfield services provider, the Group attaches great importance to technology, and prides itself on introducing innovative products and services in various oilfield services lines, such as turbine-drilling, directional drilling, multistage fracturing, surface facilities for safety and flow control, drilling fluids and fracturing liquid.

In 1H2025, apart from the research and development of oilfield service technologies, the Group has also conducted various studies on new energy utilisation including carbon dioxide geological storage, LNG cold energy utilisation, solidification hydrogen storage, geothermal energy utilisation, and in-situ underground coal-to-hydrogen production technologies.

The Group pays great attention to the registration of patents and always encourages application for patents to protect its intellectual property rights. As at 30 June 2025, the Group had 40 utility model patents and 11 innovation patents and was in the process of applying for 27 utility model patents and 8 innovation patents.

In order to maintain its leading position in the high-end oilfield services sector, the Group will continue its efforts in developing oilfield services tools and technologies through in-house research and development and cooperation with technology companies and research institutes.

OUTLOOK

During 1H2025, Brent crude oil price has fluctuated between approximately US$58 to approximately US$83 per barrel. With the international oil price remaining relatively stable and the PRC's national policy to encourage shale gas consumption for environmental protection, market demands for production enhancement services and other oilfield services offered by the Group is expected to remain stable for the rest of 2025.

Looking forward, the Group will continue to put efforts into the marketing and promotion of the Group's oilfield services and technologies so as to increase our market penetration. In addition, the Group will continue to explore other investment opportunities with earning potentials to expand its existing operations and to diversify its business, including but not limited to various kinds of green and renewable energy projects and/or other new energy related businesses. With the committed efforts of our staff and management, we are cautiously optimistic on the prospects of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately HK$111.3 million in 1H2025, which decreased by approximately HK$54.6 million or approximately 32.9% as compared with that of approximately HK$165.9 million in 1H2024. The decrease in revenue was mainly due to the decrease in the provision of production enhancement services in the China market. The revenue from the provision of production enhancement services decreased by approximately 31.4% from approximately HK$136.6 million in 1H2024 to approximately HK$93.7 million in 1H2025 mainly due to the decrease in the provision of production enhancement services in Southwestern China. In addition, revenue from the Middle East market has decreased by approximately 90.1% from approximately HK$14.2 million in 1H2024 to approximately HK$1.4 million in 1H2025 as a supervisory service contract has expired in 1H2024 and no income was generated from such service contract in 1H2025.

Material Costs

In 1H2025, the Group's material costs were approximately HK$19.5 million, which decreased by approximately 18.1% or approximately HK$4.3 million as compared with that of approximately HK$23.8 million in 1H2024. Material costs accounted for approximately 17.5% of the revenue in 1H2025, which was higher than that of approximately 14.3% in 1H2024. Material costs as a percentage of revenue increased in 1H2025 as the percentage of revenue derived from the provision of production enhancement services, which utilised more raw materials, increased from approximately 82.3% in 1H2024 to approximately 84.2% in 1H2025.

Depreciation of Property, Plant and Equipment

In 1H2025, the depreciation of property, plant and equipment amounted to approximately HK$7.8 million, which decreased by approximately HK$8.2 million or approximately 51.3% as compared with that of approximately HK$16.0 million in 1H2024. Depreciation expense decreased in 1H2025 as certain property, plant and equipment has been fully depreciated in 2024.

Employee Benefit Expenses

In 1H2025, the Group's employee benefit expenses were approximately HK$15.7 million, which decreased by approximately HK$7.8 million or approximately 33.2% as compared with that of approximately HK$23.5 million in 1H2024. The drop in employee benefit expenses in 1H2025 was consistent with the decrease in revenue of the Group during the period.

Technical Service Fees

In 1H2025, the Group's technical service fees amounted to approximately HK$51.5 million, which decreased by approximately HK$19.0 million or approximately 27.0% from approximately HK$70.5 million in 1H2024. Technical service fees accounted for approximately 46.3% of the revenue in 1H2025, which was higher than that of approximately 42.5% in 1H2024. Technical services fees as a percentage of revenue increased in 1H2025 as the percentage of revenue derived from the provision of production enhancement services, which utilised more technical services, increased from approximately 82.3% in 1H2024 to approximately 84.2% in 1H2025.

Other Expenses

The Group recorded other expenses of approximately HK$8.7 million in 1H2025, representing a decrease of approximately HK$2.6 million or approximately 23.0% as compared with that of approximately HK$11.3 million in 1H2024. The decrease in other expenses was mainly due to the decrease in travelling and motor vehicle expenses incurred by the Group resulting from the decrease in revenue in 1H2025.

Other Gains and Losses, net

The Group recorded net other gains of approximately HK$2.8 million in 1H2025, representing an increase of approximately HK$2.6 million as compared with that of approximately HK$0.2 million in 1H2024. The increase in net other gains was mainly due to the increase in government grant received by the Group in 1H2025, being partly offset by the loss on deemed acquisition of interests in associates in 1H2025.

Operating (Loss)/Profit

As a result of the foregoing, the Group has recorded an operating loss of approximately HK$4.7 million in 1H2025 (1H2024: operating profit of approximately HK$7.6 million).

Net Finance Costs

In 1H2025, the Group's net finance costs amounted to approximately HK$5.7 million, which decreased by approximately HK$1.1 million or approximately 16.2% as compared with that of approximately HK$6.8 million in 1H2024. The decrease in net finance costs was mainly due to the repayments of bank and other borrowings in 1H2025.

Share of Results of Associates

In 1H2025, the Group recorded share of loss of associates of approximately HK$0.7 million (1H2024: approximately HK$0.3 million). The balance represented the Group's share of loss of Petro-king Energy Group in 1H2025. Petro-king Energy has not declared any dividend in 1H2025 (1H2024: Nil).

Loss for the Period

As a result of the foregoing, the Group recorded a net loss of approximately HK$11.5 million in 1H2025 as compared with a net loss of approximately HK$0.4 million in 1H2024.

Loss for the Period Attributable to Owners of the Company

As a result of the foregoing, the Group's loss attributable to owners of the Company amounted to approximately HK$11.8 million in 1H2025 as compared with a loss attributable to owners of the Company of approximately HK$0.4 million in 1H2024.

Interests in Associates

As at 30 June 2025, the Group's interests in associates amounted to approximately HK$82.3 million, representing a decrease of approximately HK$2.1 million as compared with that of approximately HK$84.4 million as at 31 December 2024. The decrease was mainly due to the Group's share of loss in the Petro-king Energy Group in 1H2025 and the effect of exchange difference. As at 30 June 2025, the carrying amount of the Group's interest in Petro-king Energy was approximately HK$82.3 million (31 December 2024: HK$84.4 million), which represented approximately 13.7% (31 December 2024: 13.1%) of the Group's total assets. As at 30 June 2025, the Group held approximately 28.11% equity interest in Petro-king Energy (31 December 2024: approximately 27.67%). The Group's equity interest in Petro-king Energy has increased by approximately 0.44% due to the reduction of capital of Petro-king Energy in 1H2025. The Group presently intends to retain its interest in Petro-king Energy for long term investment, but may also consider the needs to partially dispose a portion of its interest in Petro-king Energy depending on the future liquidity requirements of the Group.

Details of the Group's associates as at 30 June 2025 were as follows:

Name of company	Form of business structure	Place of incorporation and business	Approximate percentage of ownership interest	Principal activity
Petro-king Energy	Limited liability company	PRC	28.11%	Research & development of petroleum engineering equipment and repair and maintenance of drilling, well completion equipment and petroleum engineering equipment. Imports, exports, wholesale and deputise petroleum engineering equipment
百勤石油技術（惠州）有限公司 (Petro-king Oil Technology (Huizhou) Co., Ltd.*) ("**Petro-king Technology**")	Limited liability company	PRC	– *(Note)*	Provision of oilfield tools and equipment technology services and research and development in the PRC
Star Petrotech Pte. Ltd. ("**Star Petrotech**")	Limited liability company	Singapore	– *(Note)*	Manufacturing and repairing of other oilfield and gas field machinery and equipment in Singapore
深圳市百勤近海油田服務有限公司 (Shenzhen Petro-king Jinhai Oil Field Services Co., Ltd.*) ("**Petro-king Jinhai**")	Limited liability company	PRC	– *(Note)*	Distribution of and provision of technology services for various equipment including petrochemical, oilfield, safety environmental and telecommunication etc. in the PRC

* English name is for identification only.

Note: Petro-king Technology, Star Petrotech and Petro-king Jinhai are direct wholly-owned subsidiaries of Petro-king Energy.

The above associates are accounted for using equity method in the interim condensed consolidated financial statements.

Inventories

As at 30 June 2025, the Group's inventories amounted to approximately HK$8.4 million, which was at the same level as compared with that of approximately HK$8.4 million as at 31 December 2024. The average turnover days of inventories decreased from approximately 131 days in 1H2024 to approximately 78 days in 1H2025. In 1H2025, the Group has implemented a more stringent policy to control the level of inventories which contributed to the decrease in average inventory turnover days.

Trade Receivables

As at 30 June 2025, the Group's trade receivables amounted to approximately HK$153.3 million, representing a decrease of approximately HK$48.3 million or approximately 24.0% as compared with that of approximately HK$201.6 million as at 31 December 2024. The average turnover days of trade receivables were approximately 289 days in 1H2025, representing an increase of approximately 83 days as compared with that of approximately 206 days in 1H2024. The increase in average turnover days of trade receivables was mainly due to the decrease in revenue in 1H2025.

Contract Assets

The contract assets primarily relate to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 30 June 2025, the Group's contract assets amounted to approximately HK$119.4 million, representing an increase of approximately HK$9.3 million or approximately 8.4% as compared with that of approximately HK$110.1 million as at 31 December 2024. The increase was mainly due to the increase in unbilled works related to the provision of production enhancement services to certain customers in 1H2025.

Trade Payables

As at 30 June 2025, the Group's trade payables were approximately HK$189.4 million, which decreased by approximately HK$13.8 million or approximately 6.8% as compared with that of approximately HK$203.2 million as at 31 December 2024. The average turnover days of trade payables increased from approximately 426 days in 1H2024 to approximately 500 days in 1H2025, representing an increase of approximately 74 days. The increase in the average turnover days of trade payables was mainly resulted from the decrease in material costs and technical service fees incurred in 1H2025.

Liquidity and Capital Resources

The Group's objectives in capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital, while maximising returns to shareholders through improving the debts and equity balance.

As at 30 June 2025, the Group had cash and cash equivalents of approximately HK$18.8 million, representing an increase of approximately HK$3.2 million as compared with that of approximately HK$15.6 million as at 31 December 2024. The cash and cash equivalents were mainly held in RMB and US dollars ("**US$**").

As at 30 June 2025, the Group's bank and other borrowings amounted to approximately HK$146.7 million (31 December 2024: approximately HK$147.2 million), of which approximately 76.4% (31 December 2024: approximately 72.3%) was repayable within one year. As at 30 June 2025, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst 92.5% (31 December 2024: 100%) of such borrowings bore interest at fixed lending rate and 7.5% (31 December 2024: Nil) of such borrowings bore interest at floating lending rate.

As at 30 June 2025, bank deposits of approximately RMB28.9 million (equivalent to approximately HK$31.7 million) (31 December 2024: RMB26.6 million, equivalent to approximately HK$28.7 million) have been frozen by the courts pending the outcome of an appeal in relation to the claims of technical service fees of approximately RMB28.9 million, together with any interest accrued thereon, by a service provider against an indirectly wholly-owned subsidiary of the Company. Further details of the claims and the appeal were set out in the Company's announcements dated 29 January, 12 June and 2 July 2024. The appeal hearing has taken place on 26 May 2025 but no ruling result has been issued by the court up to the date of this report. The Company will keep its shareholders and potential investors informed of further material developments of the appeal, if any, by way of further announcement(s) as and when appropriate.

As at 30 June 2025, the Group has pledged certain machineries with carrying values of approximately HK$56.7 million to secure certain instalment loans granted to the Group (31 December 2024: approximately HK$59.1 million). In addition, certain trade receivables of approximately HK$79.5 million (31 December 2024: HK$71.9 million) was pledged to secure certain bank borrowings of the Group as at 30 June 2025.

Gearing ratio

As at 30 June 2025, the Group's gearing ratio (calculated as dividing net debt by total capital) was approximately 36.2% (31 December 2024: approximately 36.7%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings" and "current and non-current lease liabilities" as shown in the interim condensed consolidated statement of financial position) less total cash (including "restricted bank deposits" and "cash and cash equivalents" as shown in the interim condensed consolidated statement of financial position). Total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position plus net debt.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US$ and RMB. The foreign exchange risk mainly arises from the trade and other receivables, contract assets, cash and cash equivalents, trade and other payables, intra-group balance, bank and others borrowings and lease liabilities in foreign currencies. The Group has not used any financial instrument for hedging purpose in 1H2025 (1H2024: Nil).

Off-balance Sheet Arrangements

As at 30 June 2025, the Group did not have any off-balance sheet arrangements (31 December 2024: Nil).

Capital Commitment

As at 30 June 2025, the Group did not have any capital commitment (31 December 2024: Nil).

Important Events After the end of Financial Period

There were no important events affecting the Company's business operations in material aspects after the end of financial period up to the date of this report.

Others

Save as disclosed in this report, there have been no material changes in the development or future developments of the business and financial position of the Group since the publication of the annual report of the Company for the year ended 31 December 2024.

Significant Investments, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Save as disclosed in this report, during 1H2025, the Group did not have other significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner.

The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules. During 1H2025, the Company has complied with the CG Code in all applicable aspects.

DIRECTORS' SECURITIES TRANSACTIONS

The Directors have 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 as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirms that all Directors have fully complied with the relevant standards stipulated in the Model Code during 1H2025.

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

During 1H2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Directors has resolved not to declare any interim dividend for 1H2025 (1H2024: Nil).

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Pursuant to the requirements of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") which is composed of three independent non-executive Directors, namely Mr. Leung Lin Cheong (the chairman of the Audit Committee), Mr. Xin Junhe and Mr. Zhang Dawei. The unaudited interim condensed consolidated financial information has been reviewed by the Audit Committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

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

The Company

Name of Director	Capacity/ Nature of interest	Number of shares *(Note 1)*	Approximate percentage of interest in the Company
Mr. Wang Jinlong	Interest in a controlled corporation *(Note 2)*	488,920,138 (L)	28.32%
Mr. Zhao Jindong	Beneficial owner *(Note 3)*	6,020,000 (L)	0.35%
Mr. Lin Jingyu	Beneficial owner *(Note 4)*	10,984,854 (L)	0.64%
Mr. Zhang Dawei	Beneficial owner *(Note 5)*	500,000 (L)	0.03%
Mr. Xin Junhe	Beneficial owner *(Note 5)*	500,000 (L)	0.03%
Mr. Leung Lin Cheong	Beneficial owner *(Note 5)*	500,000 (L)	0.03%

Notes:

1. "L" denotes long position and "S" denotes short position.

2. Mr. Wang Jinlong holds approximately 45.24% of the issued share capital in King Shine Group Limited ("**King Shine**") and King Shine directly holds approximately 28.32% of the total number of issued shares of the Company. Therefore, Mr. Wang Jinlong is taken to be interested in the number of shares of the Company held by King Shine pursuant to Part XV of the SFO.

3. 6,000,000 share options were granted to Mr. Zhao Jindong on 10 January 2023. Therefore under Part XV of the SFO, Mr. Zhao Jindong is taken to be interested in the underlying shares of the Company that he is entitled to subscribe for subject to the exercise of the share options granted. Apart from the grant of share options, 20,000 shares were also beneficially owned by Mr. Zhao Jindong.

4. 9,500,000 share options were granted to Mr. Lin Jingyu on 10 January 2023. Therefore under Part XV of the SFO, Mr. Lin Jingyu is taken to be interested in the underlying shares of the Company that he is entitled to subscribe for subject to the exercise of the share options granted. Apart from the grant of share options, 1,484,854 shares were also beneficially owned by Mr. Lin Jingyu.

5. 500,000 share options were granted to each of Mr. Zhang Dawei, Mr. Xin Junhe and Mr. Leung Lin Cheong, respectively on 10 January 2023. Therefore, under Part XV of the SFO, each of Mr. Zhang Dawei, Mr. Xin Junhe and Mr. Leung Lin Cheong is taken to be interested in the underlying shares of the Company that each of them is entitled to subscribe for subject to the exercise of the respective share options granted.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), 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 they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of the issued share capital of the Company
King Shine	Beneficial owner	488,920,138 (L)	28.32%
Ms. Zhou Xiaojun	Interest of spouse *(Note 2)*	488,920,138 (L)	28.32%
Termbray Industries International (Holdings) Limited ("**Termbray Industries**")	Beneficial owner	1,532,015 (L)	0.09%
Lee & Leung (B.V.I.) Limited	Beneficial owner	335,737,745 (L)	19.44%
	Interest in a controlled corporation *(Note 3)*	1,532,015 (L)	0.09%
HSBC International Trustee Limited ("**HKIT**")	Trustee *(Note 3)*	337,269,760 (L)	19.53%

Name of shareholder	Capacity/ Nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of the issued share capital of the Company
Mr. Lee Lap	Founder of a discretionary trust *(Note 3)*	337,269,760 (L)	19.53%
Jade Win Investment Limited ("**Jade Win**")	Beneficial owner	136,303,475 (L)	7.89%
Jade Max Holdings Limited ("**Jade Max**")	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%
Exceltop Holdings Limited ("**Exceltop**")	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%
T.C.L. Industries Holdings (H.K.) Limited ("**TCL HK**")	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%
TCL Corporation	Interest in a controlled corporation *(Note 4)*	136,303,475 (L)	7.89%

Notes:

1. "L" denotes long position and "S" denotes short position.

2. Ms. Zhou Xiaojun is the spouse of Mr. Wang Jinlong. Therefore, Ms. Zhou Xiaojun is deemed to be interested in the shares of the Company in which Mr. Wang Jinlong is interested for the purpose of the SFO.

3. Lee & Leung (B.V.I.) Limited directly holds approximately 19.44% of the total number of issued shares of the Company. It also holds approximately 46.96% of the issued share capital in Termbray Industries, where Termbray Industries directly holds 1,532,015 shares of the Company. Therefore, Lee & Leung (B.V.I.) Limited is taken to be interested in the number of shares of the Company held by Termbray Industries pursuant to Part XV of the SFO. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HKIT as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. Therefore, Mr. Lee Lap, HKIT and Lee & Leung Family Investment Limited are taken to be interested in the number of shares of the Company in which Lee & Leung (B.V.I.) Limited is interested for the purpose of the SFO.

4. According to the corporate substantial shareholder notices filed by TCL Corporation on 21 June 2016 and by TCL HK, Exceltop, Jade Max and Jade Win on 3 April 2013, TCL Corporation directly holds 100% of the issued share capital of TCL HK, which in turn holds 100% of the issued share capital of Exceltop, which in turn holds 100% of the issued share capital of Jade Max, which in turn holds 100% of the issued share capital of Jade Win. Therefore, TCL Corporation, TCL HK, Exceltop and Jade Max are taken to be interested in the number of shares of the Company directly held by Jade Win pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2025, the Directors are not aware that there is any party (not being a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

SHARE OPTION SCHEME

The former share option scheme of the Company has expired in February 2023 and therefore no share options can be granted thereunder as at 1 January 2025. On 8 May 2025, the shareholders of the Company has conditionally adopted a new share option scheme (the "**New Share Option Scheme**") which has become unconditional on 23 May 2025 (the "**Adoption Date**"). The New Share Option Scheme is valid and effective for a period of 10 years commencing on the Adoption date. During 1H2025, no share options has been granted under the New Share Option Scheme. The number of share options that can be granted under the New Share Option Scheme was 172,667,468 as at 30 June 2025. Set out below are details of the movements of share options during 1H2025:

Grantee	Date of grant	Exercise price (HK$)	Closing price immediately before the date of grant	Options outstanding as at 1 January 2025	Options granted since 1 January 2025	Options exercised since 1 January 2025	Options lapsed/ cancelled since 1 January 2025	Options outstanding as at 30 June 2025	*Notes*
Directors, chief executives and substantial shareholders									
Zhao Jindong	10 January 2023	0.075	0.074	6,000,000	–	–	–	6,000,000	*(1)*
Lin Jingyu	10 January 2023	0.075	0.074	9,500,000	–	–	–	9,500,000	*(1)*
Zhang Dawei	10 January 2023	0.075	0.074	500,000	–	–	–	500,000	*(1)*
Xin Junhe	10 January 2023	0.075	0.074	500,000	–	–	–	500,000	*(1)*
Leung Lin Cheong	10 January 2023	0.075	0.074	500,000	–	–	–	500,000	*(1)*
Employees and senior managements	16 August 2018	0.326	0.32	5,000,000	–	–	–	5,000,000	*(2)*
	10 January 2023	0.075	0.074	48,500,000	–	–	–	48,500,000	*(1)*
Former director									
Huang Yu (deceased on 4 March 2023)	31 May 2019	0.1922	0.183	17,000,000	–	–	–	17,000,000	*(3)*
	10 January 2023	0.075	0.074	8,000,000	–	–	–	8,000,000	*(4)*
Total				95,500,000	–	–	–	95,500,000	

Notes:

1. 33% of the share options shall be vested on the date falling on the first anniversary of the date of grant and exercisable from 10 January 2024 to 9 January 2033, both dates inclusive.

   Another 33% of the share options shall be vested on the date falling on the second anniversary of the date of grant and exercisable from 10 January 2025 to 9 January 2033, both dates inclusive.

   The remaining of the share options shall be vested on the date falling on the third anniversary of the date of grant and exercisable from 10 January 2026 to 9 January 2033, both dates inclusive.

2. 20% of the share options have been vested on the date falling on the first anniversary of the date of grant and exercisable from 16 August 2019 to 15 August 2025, both dates inclusive.

   Another 20% of the share options have been vested on the date falling on the second anniversary of the date of grant and exercisable from 16 August 2020 to 15 August 2025, both dates inclusive.

   Another 20% of the share options have been vested on the date falling on the third anniversary of the date of grant and exercisable from 16 August 2021 to 15 August 2025, both dates inclusive.

   Another 20% of the share options have been vested on the date falling on the fourth anniversary of the date of grant and exercisable from 16 August 2022 to 15 August 2025, both dates inclusive.

   The remaining of the share options shall be vested on the date falling on the fifth anniversary of the date of grant and exercisable from 16 August 2023 to 15 August 2025, both dates inclusive.

3. 20% of the share options have been vested on the date falling on the first anniversary of the date of grant and exercisable by the personal representative(s) of Mr. Huang Yu from 31 May 2020 to 31 December 2025, both dates inclusive.

   Another 20% of the share options have been vested on the date falling on the second anniversary of the date of grant and exercisable by the personal representative(s) of Mr. Huang Yu from 31 May 2021 to 31 December 2025, both dates inclusive.

   Another 20% of the share options have been vested on the date falling on the third anniversary of the date of grant and exercisable by the personal representative(s) of Mr. Huang Yu from 31 May 2022 to 31 December 2025, both dates inclusive.

   Another 20% of the share options have been vested on the date falling on the fourth anniversary of the date of grant and exercisable by the personal representative(s) of Mr. Huang Yu from 31 May 2023 to 31 December 2025, both dates inclusive.

   The remaining of the share options shall be vested on the date falling on the fifth anniversary of the date of grant and exercisable by the personal representative(s) of Mr. Huang Yu from 31 May 2024 to 31 December 2025, both dates inclusive.

   Pursuant to the terms and conditions of the Share Option Scheme, the Board has allowed the personal representative(s) of Mr. Huang Yu (deceased) to exercise his share options up to 31 December 2025.

4. Pursuant to the terms and conditions of the Share Option Scheme, the Board has allowed the personal representative(s) of Mr. Huang Yu (deceased) to exercise his share options up to 31 December 2025.

The number of options available for grant at 1 January 2025 was zero due to the expiry of the former share option scheme in February 2023. The number of share options that can be granted under the New Share Option Scheme was 172,667,468 as at 30 June 2025. There was no service provider sublimit set under the New Share Option Scheme.

The number of share that may be issued in respect of options and awards granted under all schemes of the Company during 1H2025 divided by the weighted average number of shares in issue (excluding any treasury shares) for the period was 10%.

By Order of the Board
PETRO-KING OILFIELD SERVICES LIMITED
Wang Jinlong
Chairman

Hong Kong, 21 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Unaudited Six months ended 30 June	
		2025	2024
	Notes	**HK$'000**	HK$'000
Revenue	*7*	**111,266**	165,908
Other income		**1,011**	1,063
Operating costs			
Material costs		**(19,532)**	(23,769)
Depreciation of property, plant and equipment		**(7,764)**	(15,977)
Depreciation of right-of-use assets		**(895)**	(888)
Expenses related to short-term leases		**(1,163)**	(1,035)
Employee benefit expenses		**(15,681)**	(23,485)
Distribution expenses		**(688)**	(2,493)
Technical service fees		**(51,477)**	(70,528)
Research and development expenses		**(10,078)**	(8,950)
Entertainment and marketing expenses		**(4,342)**	(3,971)
Net reversal of impairment on financial assets		**919**	3,723
Net impairment loss on contract assets		**(50)**	(670)
Write-down of inventories to net realisable value		**(299)**	(256)
Other expenses	*8*	**(8,734)**	(11,261)
Other gains and losses, net	*9*	**2,777**	225
Operating (loss)/profit		**(4,730)**	7,636
Finance income		**220**	834
Finance costs		**(5,890)**	(7,584)
Finance costs, net	*10*	**(5,670)**	(6,750)
Share of results of associates		**(720)**	(292)
(Loss)/profit before income tax expense		**(11,120)**	594
Income tax expense	*11*	**(412)**	(1,006)
Loss for the period		**(11,532)**	(412)

	Notes	Unaudited Six months ended 30 June 2025 HK$'000	2024 HK$'000
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**3,254**	185
Release of translation reserve upon disposal of interests in associates		**–**	(41)
Release of translation reserve upon deregistration of a subsidiary		**–**	1,598
Share of other comprehensive income of associates		**(374)**	162
Other comprehensive income for the period, net of tax		**2,880**	1,904
Total comprehensive income for the period		**(8,652)**	1,492
(Loss)/profit for the period attributable to:			
Owners of the Company		**(11,793)**	(395)
Non-controlling interests		**261**	(17)
		(11,532)	(412)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(8,913)**	1,512
Non-controlling interests		**261**	(20)
		(8,652)	1,492
Loss per share attributable to owners of the Company during the period:			
Loss per share – basic and diluted (HK cent)	*12*	**(0.68)**	(0.02)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	Unaudited 30 June 2025 HK$'000	Audited 31 December 2024 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**103,783**	108,239
Intangible assets		**26,756**	26,756
Right-of-use assets	*15*	**1,127**	1,460
Financial asset at fair value through profit or loss ("**FVTPL**")		**5,438**	5,355
Interests in associates	*21*	**82,302**	84,376
Other receivables and deposits	*16(b)*	**22**	22
		219,428	226,208
Current assets			
Inventories		**8,420**	8,406
Trade receivables	*16(a)*	**153,259**	201,648
Contract assets		**119,399**	110,082
Other receivables and deposits	*16(b)*	**39,405**	42,169
Prepayments	*16(b)*	**10,585**	10,089
Cash and cash equivalents		**18,832**	15,607
Restricted bank deposits		**31,679**	28,730
		381,579	416,731
Current liabilities			
Trade payables	*17(a)*	**189,432**	203,232
Other payables and accruals	*17(b)*	**85,897**	104,175
Contract liabilities		**915**	1,554
Lease liabilities		**690**	1,295
Bank and other borrowings	*18*	**112,083**	106,389
Financial liabilities at FVTPL		**458**	451
		389,475	417,096
Net current liabilities		**(7,896)**	(365)
Total assets less current liabilities		**211,532**	225,843

	Notes	Unaudited 30 June 2025 HK$'000	Audited 31 December 2024 HK$'000
Non-current liabilities			
Bank and other borrowings	*18*	**34,592**	40,797
Lease liabilities		**455**	168
Financial liabilities at FVTPL		**4,686**	4,615
		39,733	45,580
NET ASSETS		**171,799**	180,263
EQUITY			
Capital and reserves			
Share capital	*19*	**2,001,073**	2,001,073
Other reserves		**92,460**	89,392
Accumulated losses		**(1,929,440)**	(1,917,647)
Equity attributable to owners of the Company		**164,093**	172,818
Non-controlling interests		**7,706**	7,445
TOTAL EQUITY		**171,799**	180,263

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Unaudited					
	Attributable to owners of the Company					
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2025	**2,001,073**	**89,392**	**(1,917,647)**	**172,818**	**7,445**	**180,263**
Comprehensive income						
Loss for the period	**–**	**–**	**(11,793)**	**(11,793)**	**261**	**(11,532)**
Other comprehensive income						
– Exchange differences on translation of foreign operations	**–**	**3,254**	**–**	**3,254**	**–**	**3,254**
– Share of other comprehensive income of associates	**–**	**(374)**	**–**	**(374)**	**–**	**(374)**
Total comprehensive income for the period ended 30 June 2025	**–**	**2,880**	**(11,793)**	**(8,913)**	**261**	**(8,652)**
– Recognition of share-based payment *(Note 20)*	**–**	**188**	**–**	**188**	**–**	**188**
Balance at 30 June 2025	**2,001,073**	**92,460**	**(1,929,440)**	**164,093**	**7,706**	**171,799**

	Unaudited					
	Attributable to owners of the Company					
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non–controlling interests HK$'000	Total HK$'000
Balance at 1 January 2024	2,001,073	85,615	(1,899,859)	186,829	4,326	191,155
Comprehensive income						
Loss for the period	–	–	(395)	(395)	(17)	(412)
Other comprehensive income						
– Exchange differences on translation of foreign operations	–	188	–	188	(3)	185
– Release of translation reserve upon disposal of interests in associates	–	(41)	–	(41)	–	(41)
– Release of translation reserve upon deregistration of a subsidiary	–	1,598	–	1,598	–	1,598
– Share of other comprehensive income of associates	–	162	–	162	–	162
Total comprehensive income for the period ended 30 June 2024	–	1,907	(395)	1,512	(20)	1,492
– Recognition of share-based payment *(Note 20)*	–	461	–	461	–	461
Balance at 30 June 2024	2,001,073	87,983	(1,900,254)	188,802	4,306	193,108

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Cash flows from operating activities		
Cash generated from operations	**11,327**	4,380
Interest paid	**(6,773)**	(4,874)
Income tax paid	**(412)**	(1,027)
Net cash generated from/(used in) operating activities	**4,142**	(1,521)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,576)**	(4,472)
Proceeds from disposal of property, plant and equipment	**13**	201
Proceeds from disposal of interests in associates	**–**	5,479
Interest received	**56**	990
Repayment of loan receivables from related parties	**–**	11,208
Advances to related parties	**(54)**	(147)
Net cash (used in)/generated from investing activities	**(1,561)**	13,259
Cash flows from financing activities		
Proceeds from borrowings	**92,177**	51,181
Repayments of borrowings	**(94,568)**	(58,019)
Principal elements of lease liabilities	**(878)**	(839)
Advances from related parties	**348**	287
Net cash used in financing activities	**(2,921)**	(7,390)
Net (decrease)/increase in cash and cash equivalents	**(340)**	4,348
Cash and cash equivalents at beginning of period	**15,607**	26,294
Effect of foreign exchange rates changes	**3,565**	(855)
Cash and cash equivalents at end of period	**18,832**	29,787

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

Petro-king Oilfield Services Limited (the "**Company**") was incorporated in the British Virgin Islands (the "**B.V.I.**") on 7 September 2007 as an exempted company with limited liability. The address of the Company's registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.

The Company is an investment holding company and its subsidiaries (together the "**Group**") are principally engaged in the provision of oilfield technology services covering various stages in the life cycle of oilfields including drilling, well completion and production enhancement as well as consultancy services for oilfields and gas fields with auxiliary activities in trading of oilfield and gas field related products.

The Company had its listing on The Stock Exchange of Hong Kong Limited on 6 March 2013. This interim condensed consolidated financial information is presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with the International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards and any public announcements made by the Group during the interim reporting period.

The Group reported a net loss of approximately HK$11,532,000 during the six months ended 30 June 2025, and as of that date, the Group had net current liabilities of approximately HK$7,896,000 and total current bank and other borrowings of approximately HK$112,083,000, while the Group only had cash and cash equivalents of approximately HK$18,832,000.

2. BASIS OF PREPARATION (Continued)

In assessing the appropriateness of the use of the going concern basis in the preparation of the interim condensed consolidated financial statements, the directors of the Company (the "**Directors**") have prepared a cash flow forecast (the "**Forecast**") covering the next fifteen months from the end of reporting period. In preparing the Forecast, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing and also have taken account of the following plans and measures:

(a) In August 2025, the Group has applied for additional loan facilities with a bank located in the People's Republic of China (the "**PRC**") which will be pledged by certain of the Group's trade receivables as security. Based on the historical loan approval pattern of this bank, loan facilities of not less than Renminbi ("**RMB**") 20,000,000 was expected to be granted by this bank before 31 August 2025 (the "**Expected Loan Facilities**"). In addition, the Group will continue to negotiate additional loan facilities from this bank and other banks in the PRC to fulfill the working capital needs of the Group for the oilfield and gas field projects in the PRC; and

(b) As at 30 June 2025, the Group has unutilised loan facility with an amount of RMB30,000,000 which is granted by a money lending company established in the PRC which is beneficially owned by a shareholder of the Company. Subsequent to 30 June 2025, the Group has not drawn down such loan facility.

In the opinion of the Directors, the Group will have sufficient financial resources to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through:

(i) successfully obtaining the Expected Loan Facilities and other new loan facilities from the banks located in the PRC to fund the working capital needs of the Group for the oilfield and gas field projects in the PRC;

(ii) successfully drawing down the loan facility from the relevant money lending company; and

(iii) operations of the oilfield project tools and services based on the expected project schedules.

2. BASIS OF PREPARATION (Continued)

Notwithstanding the above, these indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to achieve the above plans and measures such that it would not be operated as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the interim condensed consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Except as described below, the accounting policies applied are consistent with those of the 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 earnings.

In the current period, the Group has adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and effective for its accounting year beginning on 1 January 2025.

The adoption of the new and revised IFRS Accounting Standards has no material impact on the Group's interim condensed consolidated financial statements.

4. ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2024.

5. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's trade receivables, other receivables and deposits, cash and cash equivalents, trade and other payables, bank and other borrowings and lease liabilities are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For the financial assets/(liabilities) at fair value through profit or loss, the table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2025 and 31 December 2024, the financial asset/(liabilities) at fair value through profit or loss are measured at fair value under level 3 valuation method.

There were no transfers among levels 1, 2 and 3 during the period.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

• Quoted market prices or dealer quotes for similar instruments.

• Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

6. SEASONAL NATURE OF THE BUSINESS

For most of the Group's businesses, and particularly the oilfield business, the first half of the financial year is normally marked by lower business volumes than in the second half of the financial year as most of the customers, particularly state-owned enterprises, normally set annual budgets and finalise work scope early in the year and request works to be done later in the year, particularly in the third and fourth quarters.

Sales levels and results in the first half of the financial year cannot therefore be extrapolated to the full financial year.

7. REVENUE AND SEGMENT INFORMATION

The Chief Operating Decision Maker (the "**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 segments based on these reports.

The Group's operating segments, which are also the reportable segments, are entity or group of entities that offer different products and services.

They are also managed according to different nature of products and services. Most of these entities engaged in just single business, except a few entities deal with diversified operation. Financial information of these entities has been separated to present discrete segment information to be reviewed by the CODM.

The Group has two operating segments as follows:

Oilfield project tools and services – provision of oilfield technology services including drilling, well completion and production enhancement with auxiliary activities in trading of oilfield and gas field related products

Consultancy services – provision of integrated project management services and supervisory services

7. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue

Revenue recognised for the six months ended 30 June 2025 and 2024 are as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Revenue from contract with customers within the scope of IFRS 15:		
Oilfield project tools and services		
– Production enhancement work	**93,721**	136,623
– Drilling work	**10,664**	8,061
– Well completion work	**991**	3,032
	105,376	147,716
Consultancy services		
– Integrated project management services	**1,692**	3,496
– Supervisory services	**4,198**	14,696
	5,890	18,192
Total revenue	**111,266**	165,908
Timing of revenue recognition within the scope of IFRS 15:		
– At a point in time	**709**	1,628
– Over time	**110,557**	164,280
	111,266	165,908

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment results

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

	Unaudited		
	Oilfield project tools and services HK$'000	Consultancy services HK$'000	Total HK$'000
Six months ended 30 June 2025			
Revenue from external customers	105,376	5,890	111,266
Inter-segment revenue	–	–	–
Total segment revenue	105,376	5,890	111,266
Segment results	(13,013)	3,764	(9,249)
Net unallocated expenses			(1,871)
Loss before income tax expense			(11,120)
Other information:			
Depreciation of property, plant and equipment	(7,461)	–	(7,461)
Depreciation of right-of-use assets	(192)	–	(192)
Net reversal of impairment/(impairment loss) on financial assets	1,239	(320)	919
Net impairment loss on contract assets	(38)	(12)	(50)
Write-down of inventories to net realisable value	(299)	–	(299)
Finance costs	(4,649)	–	(4,649)

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment results (Continued)

	Unaudited		
	Oilfield project tools and services HK$'000	Consultancy services HK$'000	Total HK$'000
Six months ended 30 June 2024			
Revenue from external customers	147,716	18,192	165,908
Inter-segment revenue	–	–	–
Total segment revenue	147,716	18,192	165,908
Segment results	(4,219)	8,717	4,498
Net unallocated expenses			(3,904)
Profit before income tax expense			594
Other information:			
Depreciation of property, plant and equipment	(15,687)	–	(15,687)
Depreciation of right-of-use assets	(162)	–	(162)
Net reversal of impairment/(impairment loss) on financial assets	6,022	(2,299)	3,723
Net impairment loss on contract assets	(650)	(20)	(670)
Write-down of inventories to net realisable value	(256)	–	(256)
Finance costs	(6,302)	–	(6,302)

Measurement of profit or loss of the operating segments are the same as the reportable segments. The CODM evaluates the performance of the reportable segments based on a measure of revenue and revenue less all directly attributable costs.

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment results (Continued)

A reconciliation of operating segments' results to total (loss)/profit before income tax expense is provided as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Segment results	**(9,249)**	4,498
Depreciation of property, plant and equipment	**(303)**	(290)
Depreciation of right-of-use assets	**(703)**	(726)
Finance costs	**(1,241)**	(1,282)
Finance income	**220**	834
Other income	**1,011**	1,063
Other expenses	**(2,159)**	(2,552)
Other gains and losses, net	**2,777**	225
Share of results of associates	**(720)**	(292)
Other unallocated corporate expenses	**(753)**	(884)
Consolidated (loss)/profit before income tax expense	**(11,120)**	594

The segment results included the (loss)/profit of each operating segment without allocation of the following items such as corporate expenses, finance income, other income, other gains and losses, net and share of results of associates.

8. OTHER EXPENSES

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Communication	**199**	193
Professional service fees	**3,167**	4,040
Motor vehicle expenses	**824**	1,920
Travelling	**2,752**	3,323
Office utilities	**300**	211
Other taxes	**259**	161
Bank charges	**71**	74
Others	**1,514**	1,878
Less: other expenses attributable for research and development	**(352)**	(539)
	8,734	11,261

9. OTHER GAINS AND LOSSES, NET

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Foreign exchange (losses)/gains, net	**(258)**	308
Losses on disposals of property, plant and equipment	**(19)**	(9)
Loss on disposal of a subsidiary	**–**	(22)
Loss on deregistration of a subsidiary	**–**	(1,679)
Loss on deemed acquisition of interests in associates *(Note 21)*	**(2,095)**	–
Gain on disposal of interests in associates	**–**	2,184
Government grant	**4,390**	553
Others	**759**	(1,110)
	2,777	225

10. FINANCE COSTS, NET

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Interest income from bank deposits	**56**	32
Interest income from related parties	**–**	468
Interest income from others	**164**	334
Finance income	**220**	834
Interest expenses:		
– Bank and other borrowings	**(5,858)**	(7,492)
– Lease liabilities	**(32)**	(92)
Finance costs	**(5,890)**	(7,584)
Finance costs, net	**(5,670)**	(6,750)

11. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2025 **HK$'000**	2024 HK$'000
Current tax	**98**	(21)
Overseas withholding tax	**314**	1,027
Income tax expense	**412**	1,006

The Company was incorporated in the B.V.I. and under the current B.V.I. tax regime, is not subject to income tax.

For the Company's subsidiaries, income tax is provided on the basis of their profits for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purpose. The applicable enterprise income tax rate for the PRC subsidiaries of the Group was 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%), based on the relevant PRC tax laws and regulations, except those subsidiaries that were approved by relevant local tax bureau authorities as a High and New Technological Enterprise, and were entitled to a preferential enterprise income tax rate of 15% (six months ended 30 June 2024: 15%) during the period. In accordance with the two-tiered profits tax regime, Hong Kong profits tax was calculated on 8.25% of the first HK$2,000,000 and 16.5% of the remaining balance of the estimated assessable profits for the six months ended 30 June 2025 (six months ended 30 June 2024: Same).

Overseas withholding tax was calculated at rates ranging from 15% to 35% (six months ended 30 June 2024: 15% to 35%) from the invoiced amount or the deemed profit earned by certain subsidiaries of the Group in accordance with their respective jurisdictions as determined by the relevant overseas authorities.

12. LOSS PER SHARE

Basic loss per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2025	2024
Loss for the period attributable to owners of the Company (HK$'000)	**(11,793)**	(395)
Weighted average number of ordinary shares (Number of shares in thousand)	**1,726,674**	1,726,674
Basic and diluted loss per share (HK cent)	**(0.68)**	(0.02)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would increase loss per share.

Diluted loss per share for the six months ended 30 June 2025 was the same as basic loss per share since all potential ordinary shares are anti-dilutive (six months ended 30 June 2024: Same) as the conversion of potential ordinary shares in relation to the share options (six months ended 30 June 2024: share options) has an anti-dilutive effect to the basic loss per share.

13. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the current period (six months ended 30 June 2024: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group has acquired and disposed of property, plant and equipment of approximately HK$1,576,000 (six months ended 30 June 2024: approximately HK$4,472,000) and approximately HK$32,000 (six months ended 30 June 2024: approximately HK$210,000), respectively.

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group has addition to right-of-use assets of approximately HK$142,000 (six months ended 30 June 2024: Nil).

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Trade receivables	**157,464**	206,555
Less: provision for impairment of trade receivables	**(4,205)**	(4,907)
Trade receivables – net	**153,259**	201,648

As at 30 June 2025 and 31 December 2024, ageing analysis of gross trade receivables by invoice date is as follows:

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Up to 3 months	**39,209**	160,362
3 to 6 months	**66,401**	38,582
6 to 12 months	**47,852**	2,545
Over 12 months	**4,002**	5,066
Trade receivables – gross	**157,464**	206,555

The Group generally allows a credit period of up to 1 year after invoice date to its customers.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(b) Other receivables, deposits and prepayments

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Other receivables, deposits and prepayments	**84,120**	86,004
Less: provision for impairment of other receivables	**(34,108)**	(33,724)
Other receivables, deposits and prepayments, net	**50,012**	52,280

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Other receivables and deposits:		
Deposits and other receivables – third parties	**16,568**	17,261
Other receivables from related parties *(Note 22(b))*	**75**	129
Amounts due from non-controlling interests	**–**	303
Value-added tax recoverable	**20,633**	22,265
Rental deposits	**1,045**	1,325
Cash advances to staff	**1,106**	908
	39,427	42,191
Less: Non-current portion		
Rental deposits	**(22)**	(22)
Current portion	**39,405**	42,169
Prepayments:		
Prepayments for materials	**10,585**	10,089
Current portion	**10,585**	10,089

17. TRADE AND OTHER PAYABLES AND ACCRUALS

(a) Trade payables

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Trade payables	**189,432**	203,232

As at 30 June 2025 and 31 December 2024, ageing analysis of trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Up to 3 months	**26,990**	87,226
3 to 6 months	**40,979**	9,529
6 to 12 months	**49,573**	23,619
Over 12 months	**71,890**	82,858
	189,432	203,232

(b) Other payables and accruals

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Other payables – third parties	**47,276**	49,674
Other payables – staff related expenses	**2,334**	4,649
Accrued payroll and welfare	**2,750**	6,129
Accrued technical service fees	**16,057**	15,812
Government grant	**–**	4,536
Other payables – related parties *(Note 22(b))*	**12,973**	12,624
Other tax and surcharge payables	**3,092**	8,121
Interest payables	**1,415**	2,630
	85,897	104,175

18. BANK AND OTHER BORROWINGS

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Non-current		
Bank borrowings *(Note (a))*	**10,801**	–
Other borrowings *(Note (b))*	**23,791**	40,797
	34,592	40,797
Current		
Bank borrowings *(Note (a))*	**71,652**	63,151
Other borrowings *(Note (b))*	**40,431**	43,238
	112,083	106,389
	146,675	147,186

(a) Bank borrowings

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Secured interest-bearing bank borrowings		
Repayable within one year or contain a repayment on demand clause	**71,652**	63,151
Repayable more than one year	**10,801**	–
	82,453	63,151

As at 30 June 2025, total banking facilities of approximately HK$82,453,000 (31 December 2024: approximately HK$$63,151,000) were granted by banks located in the PRC to subsidiaries of the Company, of which approximately HK$82,453,000 (31 December 2024: approximately HK$63,151,000) have been utilised by the Group during the period. The Group has no undrawn banking facilities as at 30 June 2025 (31 December 2024: Nil). The facilities of which approximately HK$71,520,000 (31 December 2024: approximately HK$$63,151,000) are secured by trade receivables of the Group of approximately HK$79,509,000 (31 December 2024: approximately HK$71,863,000) and approximately HK$10,933,000 (31 December 2024: Nil) are secured by personal guarantee given by a director of the Company.

18. BANK AND OTHER BORROWINGS (Continued)

(b) Other borrowings

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Non-current		
Term loan	–	10,800
Instalment loans	23,023	29,997
Independent lenders' loans	768	–
	23,791	40,797
Current		
Term loan	20,700	23,400
Instalment loans	14,522	13,952
Employees' loans	2,687	2,646
Independent lenders' loans	2,522	3,240
	40,431	43,238
	64,222	84,035

19. SHARE CAPITAL

	Unaudited Issued and fully paid	
	Number of shares '000	Amount HK$'000
Ordinary shares with no par:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	1,726,674	2,001,073

20. SHARE-BASED PAYMENTS

The Company adopted a share option scheme ("**Share Option Scheme**"). The purposes of the Share Option Scheme are to attract, retain and motivate the grantees to strive for future developments and expansion of the Group. The Share Option Scheme was approved and adopted on 18 February 2013, pursuant to which selected participants may be granted options to subscribe for shares as indentures or rewards for their service rendered to the Group. Share options were granted to directors and selected employees of the Company. The Share Option Scheme is valid and effective for a period of 10 years commencing on the adoption date of the Share Option Scheme and has been expired in 2023.

On 8 May 2025, the shareholders of the Company has conditionally adopted a new share option scheme (the "**New Share Option Scheme**") which has become unconditional on 23 May 2025. During the six months ended 30 June 2025, no share options has been granted under the New Share Option Scheme. The number of share options that can be granted under the New Share Option Scheme was 172,667,468 as at 30 June 2025.

Details of share options granted under the Share Option Scheme are as follows:

	Share options by grant date		
	16 August 2018	**31 May 2019**	**10 January 2023**
Number of ordinary shares issued upon exercise:			
– Directors	–	–	17,500,000
– Employees and senior management	5,000,000	–	49,000,000
– Former company secretary	–	–	500,000
– Former director *(Note)*	–	17,000,000	8,000,000
Exercise price	HK$0.326	HK$0.1922	HK$0.075
Contractual option term	Seven years	Seven years	Ten years
Expiry date	15 August 2025	30 May 2026	9 January 2033

For the share options granted on 10 January 2023, the vesting period of the share options ranges from one to three years. All these options are conditional in which only one-third and two-third are vested and exercisable after one and two years from the grant date respectively. The remaining options are vested and exercisable after three years from the grant date.

Apart from the share options granted on 10 January 2023, for all other share options granted, the vesting period of these share options ranges from one to five years. All these options are conditional in which one-fifth is vested and exercisable on every anniversary since the grant date of the respective share options.

Note:

Regarding the share options granted to Mr. Huang Yu (deceased on 4 March 2023), the Directors had allowed the personal representative(s) of Mr. Huang Yu to exercise his share options up to 31 December 2025 pursuant to the terms and conditions of the Share Option Scheme.

20. SHARE-BASED PAYMENTS (Continued)

The Group does not have a legal or constructive obligation to repurchase or settle the options in cash.

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The range of fair value of options granted determined by using the Binomial model and significant inputs to the model were as follows:

	Share options by grant date		
	16 August 2018	**31 May 2019**	**10 January 2023**
Range of fair value of options granted (HK$)	0.143-0.163	0.080-0.095	0.037-0.049
Share price at the grant date (HK$)	0.32	0.183	0.075
Expected volatility *(Note)*	49.45%	53.41%	78.50%
Expected option life	7 years	7 years	10 years
Dividend yield	Nil	Nil	Nil
Annual risk-free interest rate	2.08%	1.41%	3.28%

Note:

Expected volatility is assumed to be based on historical volatility of the Company.

The variables and assumptions used in estimating the fair value of the share options were the Directors' best estimates. Change in subjective input assumptions can materially affect the fair value.

20. SHARE-BASED PAYMENTS (Continued)

Details in the exercise prices and the movement of number of share options outstanding and exercisable during the six months ended 30 June 2025 are as follows:

		Unaudited Number of share options			
	Exercise price per share option	**As at 1 January 2025**	**Granted during the period**	**Forfeited, lapsed or expired during the period**	**As at 30 June 2025**
Grant date					
16 August 2018	**0.326**	**5,000,000**	**–**	**–**	**5,000,000**
31 May 2019	**0.1922**	**17,000,000**	**–**	**–**	**17,000,000**
10 January 2023	**0.075**	**73,500,000**	**–**	**–**	**73,500,000**
		95,500,000	**–**	**–**	**95,500,000**
Weighted average exercise price (HK$)					
Grant date					
16 August 2018		**0.326**	**–**	**–**	**0.326**
31 May 2019		**0.1922**	**–**	**–**	**0.1922**
10 January 2023		**0.075**	**–**	**–**	**0.075**

20. SHARE-BASED PAYMENTS (Continued)

Details in the exercise prices and the movement of number of share options outstanding and exercisable during the six months ended 30 June 2024 are as follows:

		Unaudited Number of share options			
	Exercise price per share option	As at 1 January 2024	Granted during the period	Forfeited, lapsed or expired during the period	As at 30 June 2024
Grant date					
16 August 2018	0.326	5,000,000	–	–	5,000,000
31 May 2019	0.1922	17,000,000	–	–	17,000,000
10 January 2023	0.075	74,000,000	–	(500,000)	73,500,000
		96,000,000	–	(500,000)	95,500,000
Weighted average exercise price (HK$)					
Grant date					
16 August 2018		0.326	–	–	0.326
31 May 2019		0.1922	–	–	0.1922
10 January 2023		0.075	–	0.075	0.075

No share options have been exercised by the option holders during the six months ended 30 June 2025 and 2024.

During the six months ended 30 June 2025, share-based payment expense of approximately HK$188,000 for the Share Option Scheme was recognised in the interim condensed consolidated statement of comprehensive income.

During the six months ended 30 June 2024, share-based payment expense of approximately HK$461,000 for the Share Option Scheme was recognised in the interim condensed consolidated statement of comprehensive income after netting off the reversal of approximately HK$2,000 arising from the revision of original estimate of the number of options that are expected to ultimately vest resulting from the forfeiture of share options prior to the vesting date due to failure by a former company secretary to satisfy the service conditions.

21. INTERESTS IN ASSOCIATES

During the period ended 30 June 2025, a shareholder of the associate, Petro-king Energy Technology Co., Ltd. ("**Petro-king Energy**") has exercised a buy-back option to request the Petro-king Energy to buy back 1.5504% equity interest in Petro-king Energy (the "**Buy-back Transaction**"). Upon the completion of the Buy-back Transaction, the Group's shareholding in Petro-king Energy increased from approximately 27.6717% to approximately 28.1075%.

For the period ended 30 June 2025, loss on deemed acquisition of interests in associates of approximately HK$2,095,000 had been included in "Other gains and losses, net" in Note 9 accordingly.

	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Share of net assets other than goodwill	**82,198**	84,273
Goodwill	**104**	103
	82,302	84,376
Other receivables from associates *(Note (i))*	**75**	129
Other payables to associates *(Note (ii))*	**12,454**	12,050

Notes:

(i) Balance was included in "Other receivables from related parties" in Note 16(b).

(ii) Balance was included in "Other payables – related parties" in Note 17(b).

22. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or joint control. Members of key management and their close family member of the Group are also considered as related parties.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2025 and 2024, and balances arising from related party transactions as at 30 June 2025 and 31 December 2024.

Name	Relationships
Mr. Wang Jinlong	Shareholder and director
Mr. Lin Jingyu	Director and chief executive director
Mr. Zhao Jindong	Director
Ms. Zhou Sisi	Director and close family member of Mr. Wang Jinlong
Mr. Leung Lin Cheong	Director
Mr. Xin Junhe	Director
Mr. Zhang Dawei	Director
Mr. Chan Kwok Yuen Elvis	Senior management
Mr. Wang Xingkai	Close family member of Mr. Wang Jinlong
Petro-king Energy	Associate of the Company
Star Petrotech	Wholly-owned subsidiary of Petro-king Energy

22. RELATED PARTY TRANSACTIONS (Continued)

(a) Key management compensation

Key management personnel are deemed to be the members of the board of directors and senior management of the Company who have the responsibility for the planning and controlling the activities of the Group.

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**2,280**	2,279
Share-based payments	**57**	135
	2,337	2,414

(b) Balances with related parties

	Notes	Unaudited As at 30 June 2025 HK$'000	Audited As at 31 December 2024 HK$'000
Amounts due from related parties *(Note 16(b))*			
– Associates	*(i)*	**75**	129
Amounts due to related parties *(Note 17(b))*			
– Associates	*(ii)*	**(12,454)**	(12,050)
– Directors	*(iii)*	**(519)**	(562)
– Senior management	*(iii)*	**–**	(12)
		(12,973)	(12,624)

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

Notes:

(i) The balances are unsecured, interest-free and repayable on demand.

(ii) The balances of approximately HK$12,449,000 (31 December 2024: approximately HK$12,050,000) are in trade nature with a credit term of 60 days; and the balances of approximately HK$5,000 (31 December 2024: Nil) is payable to the associates, which are unsecured, interest-free and repayable on demand.

(iii) The balances mainly comprise expenses paid on behalf of the Group by certain directors and senior management. The balances are unsecured, interest-free and repayable on demand.

(c) Related party transactions

Save as disclosed elsewhere in the interim condensed consolidated financial statements, the Group had entered into the following transaction with a related party during the period:

(i) As at 30 June 2025 and 31 December 2024, an indirectly wholly-owned subsidiary of the Company, Petro-king Oil (Shenzhen) Co., Ltd. ("**Petro-king Shenzhen**"), has provided corporate guarantees for certain banking facilities granted to Petro-king Energy which were secured by properties held by Petro-king Energy. As at 30 June 2025, the Group's maximum exposure of the principal amount under the corporate guarantee for banking facilities granted to Petro-king Energy limited to the Petro-king Shenzhen's proportion was approximately RMB13,767,000 (equivalent to approximately HK$15,097,000) (31 December 2024: approximately RMB14,666,000) of which approximately RMB13,767,000 (equivalent to approximately HK$15,097,000) (31 December 2024: approximately RMB14,666,000) was utilised by Petro-king Energy. For the six months ended 30 June 2025, the financial guarantee income was approximately HK$66,000 (six months ended 30 June 2024: approximately HK$52,000) which is charged at 1.0% per annum of the Petro-king Shenzhen's proportion of the utilised amount of banking facilities by Petro-king Energy. In the opinion of the Directors, no provision for the obligation of the Group under corporate guarantees have been made as the banking facilities granted to Petro-king Energy were fully covered by the secured properties.

22. RELATED PARTY TRANSACTIONS (Continued)

(c) Related party transactions (Continued)

(ii) For the six months ended 30 June 2025, the Group had made no sales (six months ended 30 June 2024: HK$156,000) to associates, purchases of approximately HK$768,000 (six months ended 30 June 2024: HK$333,000) from associates and commission income of approximately HK$282,000 (six months ended 30 June 2024: Nil) from associates.

The commission income of approximately HK$282,000 from associates was derived from facilitating the sales of well completion tools by the associates to an independent third party. The gross sales proceeds amounting to approximately HK$2,817,000 are considered as cash collected and receivable on behalf of the associates as an agent, with gross purchases paid on behalf of the third party amounting to approximately HK$2,535,000. The gross sales proceeds from these sales, which do not represent revenue, represent the price at which products have been sold inclusive of commission fee. The related commission income has been recorded by the Group on net basis.

All transaction above were entered into at terms mutually agreed with the related parties in the ordinary course of the Group's business.

23. LITIGATION

In January 2024, an indirectly wholly-owned subsidiary of the Company (the "**Defendant**") has been served with a writ of Summon (the "**Writ**") issued by 深圳市南山區人民法院 (Shenzhen City Nanshan District People's Court*) (the "**Court**") dated on 3 January 2024. As stated in the statement of claims attached to the Writ, a service provider of the Defendant (the "**Plaintiff**"), claimed against the Defendant for technical service fees of approximately RMB28.9 million, together with any accrued interest, payable by the Defendant to the Plaintiff (the "**Claim**").

On 11 June 2024, the Defendant received a civil ruling issued by the Court dated 31 May 2024 (the "**Ruling**") in relation to the Claim. Pursuant to the Ruling: (i) the Defendant shall pay the technical service fees in the sum of approximately RMB12.6 million, together with any interest accrued thereon since 30 November 2023 to the Plaintiff (instead of the amount of approximately RMB28.9 million and any interest accrued as claimed by the Plaintiff); (ii) all other claims made by the Plaintiff against the Defendant have been rejected; and (iii) all counterclaims made by the Defendant against the Plaintiff have been rejected.

23. LITIGATION (Continued)

On 2 July 2024, the Defendant was informed by its PRC legal advisor that the Plaintiff has filed an appeal (the "**Appeal**") against the Ruling with 深圳市中級人民法院 (Shenzhen Intermediate People's Court*) (the "**Appeal Court**").

On 26 May 2025, the Defendant had attended the Appeal hearing. As at the date of this report, the Appeal Court has not yet issued the result of the Appeal.

As at 30 June 2025, certain bank accounts of the Group with aggregate balances of approximately RMB28.9 million have been frozen by the Court pending the outcome of the Appeal.

After consultation with the PRC legal advisor, the Directors considered the respective accrued technical service fees provided were adequate as at 30 June 2025.

Further details of the Claim and the Appeal were set out in the Company's announcements dated 29 January 2024, 12 June 2024 and 2 July 2024.

* *For identification purpose only*