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## SHENGLI OIL & GAS PIPE HOLDINGS LIMITED

### 勝利油氣管道控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1080)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

### FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2025 (“**Year under Review**”), revenue was approximately RMB903,164,000, representing an increase of approximately RMB333,095,000 as compared to that in 2024.
- For the Year under Review, gross profit margin was approximately 12.0%, representing an increase of approximately 1.6 percentage points as compared to that in 2024.
- For the Year under Review, the loss for the year attributable to owners of the Company amounted to approximately RMB18,910,000, representing a decrease of approximately RMB23,654,000 as compared to that in 2024.
- Total comprehensive loss for the year attributable to owners of the Company for the Year under Review amounted to approximately RMB47,965,000, representing a decrease of approximately RMB29,244,000 as compared to that in 2024.
- For the Year under Review, basic and diluted loss per share attributable to owners of the Company was approximately RMB0.49 cents, representing a decrease of approximately RMB0.61 cents as compared to that in 2024.
- The Board did not recommend the declaration of any final dividend and interim dividend for Year under Review.

The board (the “**Board**”) of directors (the “**Directors**”) of Shengli Oil & Gas Pipe Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Year under Review**”) prepared in accordance with IFRS Accounting Standards together with the comparative figures for the year ended 31 December 2024 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<i>Notes</i>	<b>2025</b> <i>RMB’000</i>	2024 <i>RMB’000</i>
<b>Revenue</b>	4	<b>903,164</b>	570,069
Cost of sales and services		<u>(794,469)</u>	<u>(510,933)</u>
Gross profit		<b>108,695</b>	59,136
Other income and gains	5	<b>19,423</b>	7,657
Selling and distribution expenses		<b>(44,309)</b>	(32,487)
Administrative expenses		<b>(87,638)</b>	(78,334)
Other expenses		<b>(1,244)</b>	(800)
Share of results of an associate	12	<b>18,386</b>	14,588
(Provision for) Reversal of impairment loss on trade receivables, net	14	<b>(347)</b>	821
Compensation expenses for a litigation	21	<b>(18,956)</b>	—
Finance costs	6	<u><b>(12,647)</b></u>	<u>(13,872)</u>
<b>Loss before tax</b>	7	<b>(18,637)</b>	(43,291)
Income tax expenses	8	<u><b>(57)</b></u>	<u>(57)</u>
<b>Loss for the year</b>		<u><b>(18,694)</b></u>	<u>(43,348)</u>
<b>Other comprehensive loss:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of Equity Investment — Designated FVOCI	13	<u><b>(29,648)</b></u>	<u>(34,645)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(48,342)</b></u>	<u>(77,993)</u>

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>(Loss) Profit for the year attributable to:</b>			
Owners of the Company		<b>(18,910)</b>	(42,564)
Non-controlling interests		<b>216</b>	(784)
		<b><u>(18,694)</u></b>	<b><u>(43,348)</u></b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		<b>(47,965)</b>	(77,209)
Non-controlling interests		<b>(377)</b>	(784)
		<b><u>(48,342)</u></b>	<b><u>(77,993)</u></b>
<b>Loss per share</b>			
	<i>9</i>		
Basic ( <i>RMB cent</i> )		<b><u>(0.49)</u></b>	<b><u>(1.10)</u></b>
Diluted ( <i>RMB cent</i> )		<b><u>(0.49)</u></b>	<b><u>(1.10)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>197,354</b>	211,882
Right-of-use assets		<b>164,685</b>	167,506
Investment in an associate	<i>12</i>	<b>125,752</b>	107,366
Equity Investment — Designated FVOCI	<i>13</i>	—	62,619
Deposits paid for acquisition of property, plant and equipment		<b>161</b>	75
Deferred tax assets		<b>212</b>	285
		<u><b>488,164</b></u>	<u>549,733</u>
<b>Current assets</b>			
Inventories		<b>133,758</b>	127,993
Trade receivables	<i>14</i>	<b>106,377</b>	49,129
Contract assets		<b>39,644</b>	36,317
Prepayments, deposits and other receivables	<i>15</i>	<b>109,994</b>	173,362
Restricted deposits		<b>6,964</b>	243
Cash and cash equivalents		<b>90,311</b>	127,720
		<u><b>487,048</b></u>	<u>514,764</u>
Assets classified as held for sale	<i>20</i>	<b>32,990</b>	—
		<u><b>520,038</b></u>	<u>514,764</u>
<b>Current liabilities</b>			
Trade and bills payables	<i>16</i>	<b>156,434</b>	46,104
Other payables and accruals	<i>17</i>	<b>18,514</b>	19,756
Contract liabilities		<b>128,441</b>	259,063
Lease liabilities		<b>725</b>	1,041
Borrowings	<i>18</i>	<b>217,359</b>	203,866
Deferred income		<b>292</b>	292
		<u><b>521,765</b></u>	<u>530,122</u>
Liabilities associated with assets classified as held for sale	<i>20</i>	<b>18,956</b>	—
		<u><b>540,721</b></u>	<u>530,122</u>
<b>Net current liabilities</b>		<u><b>(20,683)</b></u>	<u>(15,358)</u>
<b>Total assets less current liabilities</b>		<u><b>467,481</b></u>	<u>534,375</u>

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,726</b>	—
Borrowings	<i>18</i>	<b>86,000</b>	105,970
Deferred income		<b>556</b>	848
Deferred tax liabilities		<b>212</b>	228
		<u><b>88,494</b></u>	<u>107,046</u>
<b>NET ASSETS</b>		<u><b>378,987</b></u>	<u>427,329</u>
<b>Capital and reserves</b>			
Issued capital		<b>334,409</b>	334,409
Reserves		<b>35,808</b>	83,773
<b>Equity attributable to owners of the Company</b>		<b>370,217</b>	418,182
<b>Non-controlling interests</b>		<u><b>8,770</b></u>	<u>9,147</u>
<b>TOTAL EQUITY</b>		<u><b>378,987</b></u>	<u>427,329</u>

## NOTES

### 1. GENERAL INFORMATION

Shengli Oil & Gas Pipe Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) is a limited liability company incorporated in the Caymans Islands on 3 July 2009. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 December 2009. The address of the Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business of the Company in Hong Kong and the People’s Republic of China (the “**PRC**”) are located at Room 2111, 21st Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong and Zhongbu Town, Zhangdian District, Zibo City, Shandong Province 255082, Chinese Mainland of the PRC, respectively.

### 2. MATERIAL ACCOUNTING POLICIES

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations as issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”) which is also the Company’s functional currency and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the new/revised IFRS Accounting Standard and effective from the current year as set out below.

#### Changes in accounting policies and future changes in IFRS Accounting Standards

In the current year, the Group has adopted all the new/revised IFRS Accounting Standards and effective for its accounting year beginning on 1 January 2025. The adoption of the new revised IFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not early adopted the new IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRS Accounting Standards but is not yet in a position to state whether these new IFRS Accounting Standards would have a material impact on its results of operations and financial position.

## **Going concern**

At 31 December 2025, the current liabilities of the Group exceeded its current assets by approximately RMB20,683,000.

The directors of the Company have prepared the Group's cash flow projections covering a period of not less than twelve months from 31 December 2025. Based on the cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2025.

The directors of the Company are of the opinion that, taking into account of (i) the cash flow projections of the Group and (ii) the confirmed credit commitments from financial institutions, the Group has sufficient working capital for its present requirements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

## **Basis of measurement**

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for an equity investment at fair value through other comprehensive income ("**Equity Investment — Designated FVOCI**") which is measured at fair value.

### **3. OPERATING SEGMENT INFORMATION**

During the years ended 31 December 2025 and 2024, the Group has two reportable segments which comprise of (i) production of submerged-arc helical welded pipes (the "**SAWH pipes**") and the related services which are mainly used for the oil and infrastructure industry (the "**Pipe Business**") and (ii) trading of commodities (the "**Trading Business**"). Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment assets exclude deferred tax assets, Equity Investment — Designated FVOCI, restricted deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude borrowings, deferred tax liabilities, compensation payable for a litigation and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment results represent the loss resulted by each segment without taking into account the allocation of interest income, rental income, compensation income, compensation expenses for a litigation, finance costs, central administration costs including directors' and chief executive's fees and items not directly related to the core business of the segments.

## Segment revenue and results

The followings are analysis of the Group's revenue and results by reportable and operating segments:

### For the year ended 31 December 2025

	Pipe Business RMB'000	Trading Business RMB'000	Total RMB'000
<b>Segment revenue</b>			
Sales to external customers	<u>903,164</u>	<u>—</u>	<u>903,164</u>
<b>Segment results</b>	<u>27,410</u>	<u>(1,949)</u>	<u>25,461</u>
Interest income			470
Rental income			781
Compensation income			981
Compensation expenses for a litigation			(18,956)
Unallocated other corporate expenses			(14,727)
Finance costs			<u>(12,647)</u>
Loss before tax			(18,637)
Income tax expenses			<u>(57)</u>
<b>Loss for the year</b>			<u>(18,694)</u>

### For the year ended 31 December 2024

	Pipe Business RMB'000	Trading Business RMB'000	Total RMB'000
<b>Segment revenue</b>			
Sales to external customers	<u>559,375</u>	<u>10,694</u>	<u>570,069</u>
<b>Segment results</b>	<u>(14,835)</u>	<u>(2,788)</u>	<u>(17,623)</u>
Interest income			1,126
Rental income			984
Unallocated other corporate expenses			(13,906)
Finance costs			<u>(13,872)</u>
Loss before tax			(43,291)
Income tax expenses			<u>(57)</u>
<b>Loss for the year</b>			<u>(43,348)</u>

## Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below:

2025

	Pipe Business <i>RMB'000</i>	Trading Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment assets</b>	<b>949,197</b>	<b>442</b>	<b>58,563</b>	<b>1,008,202</b>
<b>Segment liabilities</b>	<b>(301,888)</b>	<b>(3)</b>	<b>(327,324)</b>	<b>(629,215)</b>
<b>Other segment information:</b>				
Rental income	—	—	781	781
Compensation income	—	—	981	981
Write-off of payables in acquisition of property, plant and equipment	3,423	—	—	3,423
Compensation expenses/payables for a litigation	—	—	18,956	18,956
Reversal of write-down of inventories, net	3,818	—	—	3,818
Provision for impairment loss on trade receivables, net	347	—	—	347
Share of results of an associate	18,386	—	—	18,386
Loss on disposal of property, plant and equipment, net	125	—	—	125
Depreciation	21,670	—	1,077	22,747
Investment in an associate	125,752	—	—	125,752
Equity Investment —				
Designated FVOCI	—	—	32,990	32,990
Finance costs	—	—	12,647	12,647
Capital expenditure ( <i>Note</i> )	1,774	—	1,345	3,119

2024

	Pipe Business <i>RMB'000</i>	Trading Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment assets</b>	<u>949,785</u>	<u>24,103</u>	<u>90,609</u>	<u>1,064,497</u>
<b>Segment liabilities</b>	<u>(324,250)</u>	<u>(8)</u>	<u>(312,910)</u>	<u>(637,168)</u>
<b>Other segment information:</b>				
Rental income	—	—	984	984
Reversal of write-down of inventories, net	1,471	—	—	1,471
Reversal of impairment loss on trade receivables, net	821	—	—	821
Share of results of an associate	14,588	—	—	14,588
Loss on disposal of property, plant and equipment, net	55	—	—	55
Depreciation	22,896	—	1,694	24,590
Investment in an associate	107,366	—	—	107,366
Equity Investment — Designated FVOCI	—	—	62,619	62,619
Finance costs	—	—	13,872	13,872
Capital expenditure ( <i>Note</i> )	<u>2,242</u>	<u>—</u>	<u>13,193</u>	<u>15,435</u>

*Note:* Amount included in the capital expenditure represented the additions of property, plant and equipment of approximately RMB3,119,000 (2024: approximately RMB15,435,000).

### Geographical Information

The geographical location of the Group's revenue from external customers is presented based on the location of the customers. No geographical analysis on revenue from external customers is provided as substantially all of the Group's revenue is principally attributable to Chinese Mainland of the PRC.

The geographical location of the Group's non-current assets, other than investment in an associate, Equity Investment — Designated FVOCI and deferred tax assets, is presented based on the location of the assets as follows:

### Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland of the PRC	359,747	378,501
Hong Kong	<u>2,453</u>	<u>962</u>
	<u>362,200</u>	<u>379,463</u>

### Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out below:

	Segment	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	Pipe Business	<u>703,017</u>	<u>375,443</u>

## 4. REVENUE

### (i) Disaggregation of revenue from contracts with customers within IFRS 15

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Types of goods or service</b>		
<b>Pipe Business</b>		
Sales of pipe	824,128	514,921
Rendering of services related to the Pipe Business	<u>79,036</u>	<u>44,454</u>
	<b>903,164</b>	<b>559,375</b>
<b>Trading Business</b>		
Trading of commodities	<u>—</u>	<u>10,694</u>
	<b>903,164</b>	<b>570,069</b>

### For the year ended 31 December 2025

	Pipe Business <i>RMB'000</i>	Trading Business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Geographical markets</b>			
Chinese Mainland of the PRC	<u>903,164</u>	<u>—</u>	<u>903,164</u>
<b>Timing of revenue recognition</b>			
At a point in time	<u>903,164</u>	<u>—</u>	<u>903,164</u>

For the year ended 31 December 2024

	Pipe Business <i>RMB'000</i>	Trading Business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Geographical markets</b>			
Chinese Mainland of the PRC	<u>559,375</u>	<u>10,694</u>	<u>570,069</u>
<b>Timing of revenue recognition</b>			
At a point in time	<u>559,375</u>	<u>10,694</u>	<u>570,069</u>

(ii) **Performance obligations for contracts with customers**

***Sales of pipe and rendering of related services***

The Group manufactures and sells SAWH pipes and provides anti-corrosion processing service to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision. Warranty provision is recognised based on the management's best estimates on the Group's liabilities under the standard warranty terms granted with reference to the prior experience for the defective products. In the opinion of the directors of the Company, no warranty provision is recognised for the years ended 31 December 2025 and 2024.

Sales to third party customers are normally made with credit terms up to 180 days for the years ended 31 December 2025 and 2024. Sales to an associate are made with credit terms of 30 days for the years ended 31 December 2025 and 2024. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the consideration is unconditional.

***Trading Business***

The Group sells commodities to the customers. Sales are recognised when control of the commodities has transferred, being when the commodities are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the commodities and the customer has obtained legal titles to the commodities.

Sales to customers are normally made with credit terms of 90 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the commodities are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 5. OTHER INCOME AND GAINS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Other income</b>		
Interest income	470	1,126
Government grants ( <i>Note (i)</i> )	632	292
Rental income	781	984
Write-off of payables in acquisition of property, plant and equipment	3,423	—
Others	714	751
	<u>6,020</u>	<u>3,153</u>
<b>Other gains</b>		
Compensation income ( <i>Note (ii)</i> )	981	—
Compensation income received from suppliers in respect of late delivery	735	—
Gain on sales of materials	11,687	4,504
	<u>13,403</u>	<u>4,504</u>
	<u>19,423</u>	<u>7,657</u>

### Notes:

- (i) In the opinion of the directors of the Company, there was no unfulfilled condition or contingency relating to the government grants.
- (ii) During the year ended 31 December 2025, the Group, as a plaintiff, received certain properties, with an aggregated amount of approximately RMB981,000, with reference to the amounts stated in the enforcement order issued by 山東省淄博市中級人民法院 (Zibo City Intermediate People's Court, Shandong<sup>#</sup>), from an independent third party (the “**Defendant**”), as a defendant, for partial settlement of financial compensation, in relation to a litigation of approximately RMB1,712,000 payables to the Group against the Defendant (the “**Settlement**”). The Settlement was on a dollar-to-dollar basis. In the opinion of the directors of the Company, the remaining financial compensation of approximately RMB731,000 has not been recognised in the profit or loss as the Defendant is known to have financial difficulties and the recoverability of the amount is not probable.

<sup>#</sup> *The English name is for identification only.*

## 6. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans	10,967	11,612
Interest on other loans	1,653	2,177
Interest on lease liabilities	27	83
	<u>12,647</u>	<u>13,872</u>

## 7. LOSS BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Employees benefits expenses (including directors' remuneration):</b>		
Wages and salaries	52,378	43,708
Performance related bonus	186	240
Pension scheme contributions	10,607	10,972
Welfare and other expenses	2,425	1,845
	<u>65,596</u>	<u>56,765</u>
<b>Other items</b>		
Auditor's remuneration		
— Audit services	1,614	1,650
— Non-audit services	324	377
Cost of inventories sold ( <i>Notes (i) and (ii)</i> )	748,826	483,265
Cost of services	45,643	27,668
Depreciation of property, plant and equipment	17,475	19,381
Depreciation of right-of-use assets	5,272	5,209
Exchange losses, net	68	373
Loss on disposal of property, plant and equipment, net	125	55
Short-term lease payments	308	184
Write-off of payables in acquisition of property, plant and equipment	(3,423)	—
Research and development expenses ( <i>Note (iii)</i> )	8,336	—
	<u>8,336</u>	<u>—</u>

*Notes:*

- (i) Included in the cost of inventories sold are amounts of approximately RMB3,818,000 (2024: RMB1,471,000) related to the reversal of write-down of inventories as a result of utilisation of inventories which have been written-down in prior years for the year ended 31 December 2025.

- (ii) Cost of inventories sold includes approximately RMB59,091,000 (2024: RMB52,212,000) relating to aggregate amounts of certain staff costs, depreciation and short-term lease payments, which are included in the respective total amounts disclosed separately above for the year ended 31 December 2025.
- (iii) The Group carried out several research and development projects for enhancement of the existing products quality and production efficiency. Having considered the enhancement to the existing products' quality and production efficiency cannot be clearly quantified, the costs incurred in the enhancement are recognised in the profit or loss as incurred during the reporting period.

## 8. TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Current tax</b>	—	—
<b>Deferred tax</b>		
Changes in temporary differences	<u>57</u>	<u>57</u>
<b>Income tax expenses</b>	<u><u>57</u></u>	<u><u>57</u></u>

For the years ended 31 December 2025 and 2024, the assessable profits of Hong Kong incorporated qualifying subsidiary of the Group are entitled to the two-tiered profits tax rates regime that the first HK\$2,000,000 of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax has not been provided as the Group had no assessable profits in Hong Kong for the years ended 31 December 2025 and 2024.

Singapore Corporate Income Tax (“CIT”) is calculated at 17% of the assessable profits for the years ended 31 December 2025 and 2024. Singapore CIT has not been provided as the Group had no assessable profits in Singapore for the years ended 31 December 2025 and 2024.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in Chinese Mainland of the PRC was 25% for the years ended 31 December 2025 and 2024. For the year ended 31 December 2025, PRC EIT has not been provided as (i) the assessable profits of the entities in Chinese Mainland of the PRC for the year were wholly absorbed by unrelieved tax losses brought forward from previous years and (ii) certain Group’s entities in Chinese Mainland of the PRC either incurred a loss for taxation purposes or had no assessable profits for the year. For the year ended 31 December 2024, PRC EIT has not been provided as the Group’s entities in Chinese Mainland of the PRC incurred a loss for taxation purposes.

## 9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Loss:</b>		
Loss attributable to the owners of the Company, used in basic loss per share calculation	<u>(18,910)</u>	<u>(42,564)</u>
	2025	2024
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>3,874,365,600</u>	<u>3,874,365,600</u>

For the years ended 31 December 2025 and 2024, the computation of diluted loss per share does not assume the exercise of the outstanding share options since the exercise price per share option was higher than the average share price of the Company.

The diluted loss per share is the same as the basic loss per share for the years ended 31 December 2025 and 2024.

## 10. DIVIDENDS

The Board of Directors has resolved not to declare any final dividend and interim dividend for the years ended 31 December 2025 and 2024.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2025, the Group has an addition of property, plant and equipment at a total cost of approximately RMB3,119,000 (2024: RMB15,435,000). Property, plant and equipment with a carrying amount of approximately RMB172,000 (2024: RMB123,000) were disposed of by the Group during the year ended 31 December 2025.

## 12. INVESTMENT IN AN ASSOCIATE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Unlisted investment in Chinese Mainland of the PRC</b>	<b>125,752</b>	107,366
<b>Share of results of an associate</b>	<b>18,386</b>	14,588

Particulars of the associate of the Group at the end of the reporting period are as follows:

Name of associates	Place of incorporation/ registration and operation	Registered paid-up capital	% of ownership interests/ voting rights held by the Group at 31 December		Principal activities
			2025	2024	
Hunan Shengli Xianggang Steel Pipe Co., Ltd. # ("Hunan Shengli Steel Pipe")(湖南勝利湘鋼鋼管有限公司)	Chinese Mainland of the PRC	RMB500,000,000 (2024: RMB500,000,000)	48%	48%	Manufacturing, processing and sale of SAWL pipelines and submerged-arc helical welded ("SAWH") pipes and provision of anti-corrosion service for oil and gas pipelines and other construction and manufacturing applications and trading of commodities

The associate is accounted for using the equity method in the consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the associate itself.

### Relationship with associate

Hunan Shengli Steel Pipe is engaged in manufacturing, processing and sale of SAWL pipelines, SAWH pipes and provision of anti-corrosion service for oil and gas pipelines and other construction and manufacturing applications and trading of commodities which allows the Group to expand its Pipe Business.

### Financial information of Hunan Shengli Steel Pipe

Summarised financial information of Hunan Shengli Steel Pipe is set out below, which represents amounts shown in the financial statements of Hunan Shengli Steel Pipe prepared in accordance with IFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

# *The English name is for identification only.*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>At 31 December:</b>		
<b>Summarised statement of financial position</b>		
Non-current assets	424,069	425,139
Current assets	973,459	811,426
Current liabilities	(1,063,253)	(968,288)
Non-current liabilities	(72,292)	(44,176)
<b>Net assets</b>	<b>261,983</b>	<b>224,101</b>
<b>Reconciliation:</b>		
% of ownership interests/voting rights held by the Group	48%	48%
Group's share of net assets of the investment	125,752	107,568
Elimination of gains or losses for transactions between the Group and the associate	—	(202)
<b>Carrying amount of the investment</b>	<b>125,752</b>	<b>107,366</b>
<b>For the year ended 31 December:</b>		
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue	1,226,157	906,790
Profit for the year	38,304	30,813
Total comprehensive income for the year	38,304	30,813
Group's share of profit and total comprehensive income	18,386	14,790
Elimination of gains or losses for transactions between the Group and the associate	—	(202)
<b>Carrying amount of Group's share of profit and total comprehensive income</b>	<b>18,386</b>	<b>14,588</b>

At 31 December 2025, the bank and cash balances of the associate that denominated in RMB amounted to approximately RMB421,477,000 (2024: approximately RMB12,984,000). Conversion of RMB into foreign currencies is subject to Chinese Mainland of the PRC's Foreign Exchange Control Regulations.

### 13. EQUITY INVESTMENT — DESIGNATED FVOCI

	<b>Unlisted equity investment RMB'000</b>
At 1 January 2024	97,264
Change in fair value recognised in other comprehensive income	<u>(34,645)</u>
At 31 December 2024 and 1 January 2025	62,619
Change in fair value recognised in other comprehensive income	(29,648)
Presented as assets classified as held for sale ( <i>Note 20</i> )	<u>(32,971)</u>
<b>At 31 December 2025</b>	<b>—</b>

The unlisted equity investment represented the 19.95% of equity interests in 新鋒能源集團有限公司 (Xinfeng Energy Enterprise Group Co., Ltd.#) (“**Xinfeng Energy**”), a private entity incorporated in Chinese Mainland of the PRC, which principally engaged in designing and construction of wind farms, sale of the whole machine and components of wind turbine sets and mechanical equipment and software development of digital wind farm system. No dividends were received on this investment during the years ended 31 December 2025 and 2024.

The Group irrevocably designated the investment in Xinfeng Energy as Equity Investment — Designated FVOCI since the Group intends to hold the investment for long-term strategic purposes and considers the accounting treatment applied provide more relevant information for the investment.

On 31 December 2025, the fair value of Equity Investment — Designated FOVCI was approximately RMB32,971,000 (2024: approximately RMB62,619,000) with reference to the valuation report prepared by CHFT Advisory and Appraisal Limited, an independent professional valuer using adjusted assets approach.

The fair value of Equity Investment — Designated FOVCI was categorised into the level 3 fair value hierarchy as defined in IFRS 13, “Fair Value Measurement”.

### 14. TRADE RECEIVABLES

	<b>2025 RMB'000</b>	2024 RMB'000
Trade receivables from third parties	<b>106,667</b>	49,668
Trade receivables from an associate ( <i>Note</i> )	<b>596</b>	—
	<u>107,263</u>	49,668
Less: Loss allowance	<b>(886)</b>	(539)
	<u><b>106,377</b></u>	<u>49,129</u>

# *The English name is for identification only.*

*Note:* The amounts represented trade receivables due from an associate, Hunan Shengli Steel Pipe. The amount due was unsecured, interest-free and had a credit period of 30 days.

Included in the balances are the trade receivables (before loss allowance) from contracts with customers within IFRS 15:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the reporting period	<u>49,668</u>	<u>57,460</u>
<b>At the end of the reporting period</b>	<u><b>107,263</b></u>	<u>49,668</u>

The Group's trading terms with its customers are mainly on credit generally up to 180 days (2024: up to 180 days).

An aged analysis of the trade receivables at the end of the reporting period, based on the invoice date (net of allowances), is as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	97,260	40,346
3 to 6 months	—	2,410
6 months to 1 year	4,928	4,772
1 to 2 years	<u>4,189</u>	<u>1,601</u>
	<u><b>106,377</b></u>	<u>49,129</u>

The movement in the loss allowance for trade receivables during the reporting period is summarised below:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the reporting period	539	1,360
Increase (Decrease) in loss allowance, net	<u>347</u>	<u>(821)</u>
<b>At the end of the reporting period</b>	<u><b>886</b></u>	<u>539</u>

The Group applies the simplified approach under IFRS 9 “Financial Instruments” to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current <i>RMB'000</i>	Within 1 year past due <i>RMB'000</i>	1 to 2 years past due <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2025</b>				
Weighted average expected loss rate (%)	0.0%	5.0%	10.0%	0.8%
Gross amount	94,200	8,409	4,654	107,263
Loss allowance	—	(421)	(465)	(886)
Net amount	<u>94,200</u>	<u>7,988</u>	<u>4,189</u>	<u>106,377</u>
<b>At 31 December 2024</b>				
Weighted average expected loss rate (%)	0.0%	5.0%	10.0%	1.1%
Gross amount	39,120	10,317	231	49,668
Loss allowance	—	(516)	(23)	(539)
Net amount	<u>39,120</u>	<u>9,801</u>	<u>208</u>	<u>49,129</u>

The Group does not hold any collateral over trade receivables at 31 December 2025 and 2024.

#### 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Advances to suppliers ( <i>Note</i> )	101,047	149,390
Value-added tax recoverables	665	2,130
Prepayments	827	865
Tender deposits to customers	604	2,203
Security deposits in respect of sales contract with customers	4,704	13,931
Consideration receivables in respect of the partial disposal of equity interests in a subsidiary	—	1,890
Others	2,147	2,953
	<u>109,994</u>	<u>173,362</u>

*Note:* The advances are paid to suppliers to secure the supply of raw materials at the end of the reporting period. The advances are interest-free, refundable and/or expected to be utilised within 1 year.

## 16. TRADE AND BILLS PAYABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade payables to third parties	16(a)	147,422	46,104
Trade payables to an associate	16(b)	2,062	—
		<u>149,484</u>	<u>46,104</u>
Bills payables	16(c)	6,950	—
		<u>156,434</u>	<u>46,104</u>

### 16(a) Trade payables to third parties

The trade payables are non-interest bearing. The payment terms with suppliers are normally on credit ranging from 90 to 180 days (2024: 90 to 180 days) from the time when goods are received from suppliers.

An aged analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	141,350	35,209
3 to 6 months	3,934	518
6 months to 1 year	187	2,199
1 to 2 years	753	449
Over 2 years	3,260	7,729
	<u>149,484</u>	<u>46,104</u>

### 16(b) Trade payables to an associate

The trade payables to an associate are unsecured, interest-free and will be settled in accordance with a credit period of 30 days granted to the Group.

### 16(c) Bills payables

At 31 December 2025, the bills payables were interest-free, guaranteed by banks in Chinese Mainland of the PRC, had maturities of less than six months and secured by restricted deposits of approximately RMB6,950,000 (2024: Nil).

## 17. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accruals	5,503	4,262
Tender deposits to suppliers	2,388	3,059
Payables in acquisition of property, plant and equipment	149	3,842
Payables for distribution services fee	3,134	3,798
Other tax payables	3,002	906
Interest payables in respect of other loans	1,396	1,459
Others	2,942	2,430
	<u>18,514</u>	<u>19,756</u>

## 18. BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity (year)	<i>RMB'000</i>	Effective interest rate (%)	Maturity (year)	<i>RMB'000</i>
<b>Bank loans</b>						
Secured ( <i>Note (i)</i> )	3.04%—3.97%	2026—2027	272,620	3.40%—4.38%	2025—2026	276,040
<b>Other loans</b>						
Unsecured ( <i>Note (ii)</i> )	5.00%	2026	30,739	5.00%	2025	33,796
			<u>303,359</u>			<u>309,836</u>
Borrowings are repayable as follows:			<i>RMB'000</i>			<i>RMB'000</i>
Within one year			<u>217,359</u>			<u>203,866</u>
One to two years			<u>86,000</u>			<u>105,970</u>
<b>Analysed for reporting purpose:</b>						
Current			217,359			203,866
Non-current			<u>86,000</u>			<u>105,970</u>
			<u>303,359</u>			<u>309,836</u>

Notes:

- (i) The bank loans were secured by pledge of certain of the Group's property, plant and equipment amounting to approximately RMB112,258,000 (2024: approximately RMB117,868,000) and right-of-use assets amounting to approximately RMB66,176,000 (2024: approximately RMB68,111,000).
- (ii) At 31 December 2025, the other loans represented the advance from directors, chief executive and other members of key management of the Company of approximately RMB1,065,000 (2024: approximately RMB1,065,000) and from employees of approximately RMB29,674,000 (2024: approximately RMB32,731,000), which are unsecured, bear a fixed interest rate of 5% per annum and repayable within one year (2024: same). During the year ended 31 December 2025, advance from directors, chief executive and other members of key management of the Company of approximately RMB1,065,000 and from employees of approximately RMB29,674,000 at 31 December 2024 were further extended and being repayable within one year at 31 December 2025.

## 19. RELATED PARTY TRANSACTIONS

### (a) Significant related party transactions

During the years ended 31 December 2025 and 2024, the Group had the following material transactions with related parties. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

	2025 RMB'000	2024 RMB'000
Interest on other loans paid to directors, chief executive and other members of key management	53	53
Repayment of interest on other loans paid to directors, chief executive and other members of key management	53	—
Sales made to Hunan Shengli Steel Pipe	1,899	44,540
Purchase made from Hunan Shengli Steel Pipe	184,660	44,961
	<u>184,660</u>	<u>44,961</u>

### (b) Significant related party balances

At the end of the reporting period, the Group had the following balances with its related parties:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Other loans from directors, chief executive and other members of key management	1,065	1,065
Interest payables on other loans from directors, chief executive and other members of key management	81	81
Trade receivables from Hunan Shengli Steel Pipe	596	—
Trade payables to Hunan Shengli Steel Pipe	2,062	—
	<u>2,062</u>	<u>—</u>

(c) **Key management compensation**

The emoluments of directors, chief executive and other members of key management for the reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Directors' fees	1,818	1,931
Salaries, wages, allowances and other benefits in kind	4,085	4,938
Performance related bonus	186	240
Retirement benefit scheme contributions	382	352
	<u>6,471</u>	<u>7,461</u>

**20. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

In August 2025, the Company has publicly announced that the Group intended to dispose of all its equity interests in Zhejiang Shengguan Industrial Co., Ltd (“**Zhejiang Shengguan**”) (the “**Intended Disposal**”) by way of a public tender. After the failure in identifying bidders through the public tender, the Group was also in process of searching for potential buyers. On 17 March 2026, the Group entered the sale and purchase agreements with an independent third party to dispose of all its equity interests in Zhejiang Shengguan at a cash consideration of approximately RMB14,700,000. Details of the Intended Disposal are disclosed in the Company’s announcements dated 11 August 2025, 27 August 2025 and 9 September 2025 and the section headed “Events after the year under review” of this result announcement.

Zhejiang Shengguan were principally engaged in investment holdings.

The management of the Group assessed that the Intended Disposal met the criteria under IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, concluding that the Intended Disposal was highly probable and expected to be completed within one year from the date of classification. The Intended Disposal did not meet the criteria for classification as discontinued operations under IFRS 5, as Zhejiang Shengguan did not represent a major line of business or geographical area of operations of the Group. Accordingly, the assets and liabilities of Zhejiang Shengguan were reclassified to “Assets classified held for sale” and “Liabilities associated with assets classified as held for sale” in the Group’s consolidated statement of financial position at 31 December 2025.

The major classes of assets and liabilities of Zhejiang Shengguan where non-current assets were classified as held for sale measured at the lower of carrying amount and fair value less costs to sell (if applicable) at 31 December 2025 are as follows:

	<b>2025</b>
	<b>RMB'000</b>
<b>Assets</b>	
Equity Investment — Designated FVOCI ( <i>Note 13</i> )	32,971
Prepayments, deposits and other receivables	<u>19</u>
<b>Assets classified as held for sale</b>	<u><b>32,990</b></u>
<b>Liabilities associated with assets classified as held for sale</b>	
Compensation payable for a litigation ( <i>Note 21</i> )	<u>18,956</u>
<b>Net assets of Zhejiang Shengguan</b>	<u><u><b>14,034</b></u></u>

## 21. LITIGATION

Zhejiang Shengguan and Shandong Shengli Steel Pipe, two subsidiaries of the Group, have received a civil judgment (the “**Judgement**”) dated 9 April 2025 issued by 上海市黃浦區人民法院 (the People’s Court Huangpu District of Shanghai Municipality<sup>#</sup>) in relation to a litigation (the “**Litigation**”) brought by 甘肅科耀電力有限公司 (Gansu Keyao Electric Power Co., Ltd<sup>#</sup>) (the “**Plaintiff**”) against, among others, (a) 杭州晗月新能源有限公司 (Hangzhou Hanyue New Energy Co., Ltd.<sup>#</sup>) (“**Hangzhou Hanyue**”), one of the shareholders of Xinfeng Energy and an independent third party of the Group, (b) Zhejiang Shengguan and (c) Shandong Shengli Steel Pipe Co., Ltd. (“**Shandong Shengli Steel Pipe**”) for the payment for breach of contracts by Xinfeng Energy in the outstanding sum of approximately RMB17,196,000 (the “**Outstanding Sum**”).

The Plaintiff demanded, among others, that Hangzhou Hanyue shall be liable for the repayment of the Outstanding Sum with the default interest accrued (collectively referred as the “**Relevant amount**”) thereon as Hangzhou Hanyue has to fulfil its obligations to settle its unpaid registered capital in Xinfeng Energy (the “**Unpaid Capital**”). The Plaintiff further demanded that, if Hangzhou Hanyue fails to make the repayment, Zhejiang Shengguan shall be liable for supplementary compensation, and its immediate holding company, Shandong Shengli Steel Pipe shall be liable for supplementary compensation for Zhejiang Shengguan as the Unpaid Capital in Xinfeng Energy was transferred by Zhejiang Shengguan to Hangzhou Hanyue.

<sup>#</sup> *The English name is for identification only.*

Pursuant to the Judgement, among others, (i) Hangzhou Hanyue shall be liable to repay the Outstanding Sum within the scope of the Unpaid Capital and default interest which accrued at a daily interest rate of 0.0175% from 25 May 2024 until the date of repayment; (ii) Zhejiang Shengguan shall be liable for supplementary compensation where Hangzhou Hanyue is unable to repay the Outstanding Sum on time; and (iii) Shandong Shengli Steel Pipe is not liable for the repayment of the Relevant Amount as Shandong Shengli Steel Pipe is independent from Zhejiang Shengguan. Zhejiang Shengguan appealed against the Judgement (the “**Appeal**”) on 28 April 2025. 上海市第二中級人民法院 (Shanghai No. 2 Intermediate People’s Court<sup>#</sup>) has rejected the Appeal on 31 July 2025 and upheld the Judgement to be final and conclusive. Accordingly, compensation expenses of approximately RMB18,956,000, representing the Outstanding Sum and the default interest accrued up to the end of the reporting period, have been recognised in the profit or loss during the year ended 31 December 2025.

Details of the Litigation are disclosed in the Company’s announcement dated 1 August 2025.

<sup>#</sup> *The English name is for identification only.*

## CHIEF EXECUTIVE OFFICER’S STATEMENT

Dear shareholders:

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I hereby present to you the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Year under Review**”).

In 2025, amid an external environment that remains complex and volatile, the Chinese economy pressed forward under pressure in pursuing progress and quality improvements. High-quality development achieved new results, the main economic and social development targets and tasks were successfully met, and the 14th Five-Year Plan concluded successfully. Concurrently, the supporting role of domestic demand continued to strengthen, the foundation of the real economy was continuously consolidated, industrial structure was persistently optimised, and new quality productive forces injected momentum into the industry. Under the synergy of macro policies, the quality of economic development steadily improved, providing a stable environment for growth of the industry and real economy. From the perspective of the oil and gas industry, China persistently advanced the energy security strategy, and steadily promoted the oil and gas exploration and development and energy infrastructure construction. Globally, the energy landscape continued to evolve, and the oil and gas industry operated against a backdrop of growing demand, energy transition and supply structure adjustments, presenting an industry environment characterized by both challenges and opportunities.

During the Year under Review, China Oil & Gas Pipeline Network Corporation\* (國家石油天然氣管網集團有限公司) (“**PipeChina**”) deeply implemented the general strategy of “Five Insistences (五個堅持)” and the overall deployment of “Five Vigorous Efforts (五個狠下功夫)”, actively constructed the new oil and gas market pattern of “X+1+X”, and made every effort to promote the interconnection of national natural gas, crude oil, and refined oil pipeline resources as appropriate. These efforts contributed to perfecting the “one pipeline network nationwide (全國一張網)”, completed the 14th Five-Year Plan targets with high quality, and continued to play a vital role in safeguarding national energy security. As a core supplier to PipeChina, the Group actively participated in the pipeline construction under PipeChina’s 14th Five-Year Plan, leveraging its high-quality products and comprehensive services. Among the Top Ten Projects selected by PipeChina during its 14th Five-Year Plan construction period, the Group was directly involved in four key projects: West-East Gas Pipeline No. 4 Project (Turpan — Zhongwei Section), Sichuan-to-East Natural Gas Pipeline No. 2 Project (“**Sichuan No. 2 Project**”), the Hulin — Changchun Natural Gas Pipeline Project, and the Dongjiakou-Dongying Crude Oil Pipeline Project. Notably, for the Dongjiakou-Dongying Crude Oil Pipeline Project, the steel pipes supplied by the Group accounted for 47% of the project’s total usage. In addition, the Group provided a substantial volume of high-quality products for upstream and downstream supporting pipeline projects associated with the Phase II Wen 23 Gas Storage Facility\* (文23儲氣庫二期工程) and the Phase II Tianjin LNG Terminal\* (天津

LNG接收站二期工程), such as the Tianjin LNG Outer Transmission Pipeline Project\* (天津液化天然氣外輸管道複線項目) and the Ordos — Anping — Cangzhou Natural Gas Pipeline Project\* (鄂安滄天然氣管道項目).

The Group maintained its strategic focus on core pipeline construction business, continuously strengthened technical capabilities and project execution levels, advanced relevant business steadily, maintained a stable and healthy development trajectory overall, and unswervingly practiced long-term sustainable development.

## **DEEPEN CORE CLIENT PARTNERSHIPS AND EXPAND PRESENCE IN THE OPEN MARKET**

During the Year under Review, the Group maintained stable cooperation and good progress in business with core customers such as PipeChina, China Petroleum & Chemical Corporation (“SINOPEC”), China National Petroleum Corporation (“CNPC”), and China National Offshore Oil Corporation (“CNOOC”) (collectively, the “**Three Barrels**”), China Petroleum Technology & Development Corporation\* (中國石油技術開發有限公司) (“CPTDC”). During the Year under Review, the Group performed well in the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project bidding, achieving third and fifth place in two bid packages, respectively. In December 2025, the Group successfully passed the SINOPEC 2026 Annual Long-distance Pipeline Spiral Submerged Arc Welded Pipe Procurement Project prequalification, and in the same month, was shortlisted in the CNPC Annual Welded Pipe Centralised Procurement Bidding Project. During the Year under Review, sales volume from the Group to PipeChina accounted for over 68% of the Group total sales volume.

Simultaneously, the Group actively expanded its presence in the open market, optimised its business layout, and steadily enhanced its market influence and comprehensive competitiveness. During the Year under Review, the Group actively pursued new cooperation opportunities and successfully developed five new customers in the open market, providing continuous momentum for its sustainable growth.

## **COMMITMENT TO NATIONAL PROJECTS: ENSURING HIGH-QUALITY AND EFFICIENT SUPPLY WITH CORPORATE RESPONSIBILITY**

During the Year under Review, as a core supplier of spiral submerged arc welded pipe to PipeChina, the Group’s subsidiary, Shandong Shengli Steel Pipe Co., Ltd.\* (山東勝利鋼管有限公司) (“**Shandong Shengli Steel Pipe**”), implemented coordinated production scheduling to execute a strategy of “cost reduction, efficiency enhancement, and high-quality supply assurance” in order to guarantee timely delivery of superior products.

Through technological innovation, the Company focused on weld reinforcement control, welding quality optimization, equipment selection upgrades, and localization transformations to enhance production capabilities, thereby driving cost reduction at the source and ensuring high-quality supply. Electrical technologies were applied to refine multiple control methods and optimise automatic control structures, reducing equipment failure rates. Mechanical technologies were utilized to complete numerous equipment modifications, improving operational stability. The localization of pre-finishing welding equipment and the application of domestically produced high-power inverter submerged arc welders contributed to energy savings, cost reduction, and improved welding quality. To enhance production efficiency, efforts were concentrated on reducing model changeover time and strengthening routine equipment maintenance to minimize downtime, comprehensively boosting productivity. The production plants set multiple records, including single-shift output, stable operating speeds, and warehouse outbound volumes, laying a solid foundation for achieving the goals of high-quality and efficient energy supply. During the Year under Review, the Group successfully completed the delivery of steel pipes for several key national pipeline projects under PipeChina, including the Sichuan No. 2 Project and the Changchun — Shijiazhuang Natural Gas Pipeline Project for PipeChina, making significant contributions to the nation's 14th Five-Year Plan for energy pipeline construction.

#### **IMPROVING SYSTEM MANAGEMENT, STRICTLY CONTROLLING PRODUCT QUALITY, BUILDING A STRONG BRAND DEVELOPMENT FOUNDATION**

The Group consistently regarded product quality as the lifeline of the enterprise. For major projects such as those for PipeChina, the Group thoroughly implemented quality control standards and established a rigorous quality inspection and review system. During the Year under Review, the Group successfully obtained the Energy Management System certification and established an energy system. It also completed annual surveillance audits for API 5L, API Q1, CNAS Laboratory, and its quality environmental, occupational health and safety management systems. The maintenance relevant professional qualifications not only underscore the Group's commitment to management system excellence but also, through its outstanding engineering achievements and quality advantages, have built a solid competitive moat for the Group in tenders with core customers and expansion into the broader social market.

## **DRIVING TECHNOLOGICAL INNOVATION AND STRENGTHENING TALENT DEVELOPMENT TO BUILD A COMPETITIVE EDGE**

The Group adheres to technological innovation as its core driving force, continuously building a technological moat through independent process R&D and the localization and substitution of key equipment. During the Year under Review, the Group optimised its personnel structure by rationally integrating staff based on their experience, age, and technical capabilities. We strengthened technical training for key positions and advocated incentive measures for multi-skilling, thereby enhancing overall quality and maintaining team stability. The effective implementation of a one-on-one mentorship model for technical personnel accelerated the transformation of new employees' theoretical knowledge into productive capacity, helping them grow into a core strength in a timely manner. During the Year under Review, our technical personnel published five scientific papers in various journals, annual meetings and conferences. The Group was granted three utility model patents and one invention patent. The talent echelon was augmented with one senior professional title holder (positive senior level) and several mid-level backbones. Meanwhile, the Group organised a series of specialised training programs focusing on key areas such as strengthening the core competitiveness of the sales team, safety production management, equipment cost reduction and efficiency enhancement strategies, professional capacity building for financial personnel, productivity improvement, and comprehensive quality management. Through targeted training involving 130 person-times throughout the year, the Group has injected sustained impetus for its transformation towards intelligent manufacturing, leveraging high-quality talent reserves and patented technological outcomes.

## **ENHANCING SAFETY GRID MANAGEMENT TO ENSURE STABLE AND SAFE OPERATIONS**

During the Year under Review, each production branch strictly implemented safety management systems, strengthened various forms of publicity and education, and organised a series of emergency response drills, effectively enhancing the safety awareness and emergency response capabilities of all employees. Adhering to the principle of “full participation and grid management”, the Group clarified responsibilities, rigorously enforced standardised management systems, and standardised operating procedures. In accordance with the work methodology of Work Projectization — Project Listing — Listing Responsibility — Responsibility Effectiveness (《工作項目化 — 項目清單化 — 清單責任化 — 責任實效化》), we established responsibility checklists for various types of violations and recurring hazards, ensuring rectification within a defined timeframe and closed-loop management. The Group implemented the requirements of the dual prevention mechanism, diligently organised safety hazard inspections, and rectified identified issues. We conducted safety training sessions covering radiation protection, new employee onboarding, and case studies of accidents, continuously strengthening employees' safety awareness and ensuring stable and safe operations throughout the year.

## FUTURE PROSPECTS

The year 2026 marks a pivotal transition period leading into the 15th Five-Year Plan, serving as a crucial bridge toward the fundamental realization of socialist modernization. Under the national macro background which emphasizes the coordination of development and security, energy infrastructure construction will enter a high-quality development phase focused on “addressing weaknesses and enhancing resilience”. As the nation accelerates the construction of a clean, low-carbon, safe, and efficient new energy system, the interconnection of oil and gas pipeline networks and the localization of substitutes have become strategic priorities for safeguarding national energy security. The Group will base itself on industrial foundation re-engineering closely following the national strategies of “Manufacturing Powerhouse (製造強國)” and “Quality Powerhouse (質量強國)”. Through technological iteration and management innovation, the Group aims to seize the initiative in development amidst a changing landscape.

As a core supplier to PipeChina, and leveraging its excellent positions achieved in the centralised procurement tenders of 2025, the Group will fulfill its supply assurance responsibilities to a higher standard. For major national strategic corridors such as the West-East Gas Pipeline and the Sichuan-to-East Natural Gas Pipeline No. 2 Project, the Group will focus on tackling key technologies for major equipment. By strengthening process precision and equipment stability, the Group strives to achieve a breakthrough in market share during the 2026 framework tenders, forging a robust steel backbone for the construction of the “one pipeline network nationwide (全國一張網)”.

Looking ahead to 2026, the Group will deepen its marketing landscape of “domestic demand pull (內需拉動)” and “dual-track parallel (雙軌並行)” operation. The Group will summarize practical experiences from 2025 and deeply participate in the construction of a unified national market. While consolidating its position in the national energy pipeline market, the Group will further penetrate the broader social market, strike roots into provincial and municipal gas branch lines and regional district heating pipeline projects. By optimizing the order portfolio and increasing the market share of high-value-added products, the Group aims to simultaneously enhance operational efficiency and risk resistance capabilities.

The Group will fully leverage the leading role of the CNAS Laboratory in fundamental technological areas to drive the autonomous upgrading of key equipment, focusing on tackling challenges related to the self-reliance and controllability of core spare parts. Concurrently, the Group will deepen the construction of its energy management system and reduce its industrial carbon footprint by promoting energy-efficient equipment and green manufacturing processes. Furthermore, the Group will continuously optimise its talent cultivation mechanism, build a team of technical backbone with international competitiveness, and ensure it consistently remains at the innovation forefront of the industry.

Last but not least, I would like to express my sincere gratitude to all shareholders, clients and colleagues. Moving forward, the Group will uphold the spirit of striving, strengthening its core business of oil and gas transmission pipes through professionalism and dedication, repaying shareholders with tangible actions, and serving the overarching national energy strategy.

**Zhang Bizhuang**

*Executive Director & Chief Executive Officer*

\* *The English names are for identification only.*

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OVERVIEW

In 2025, the international environment remained complex and volatile, with relatively weak momentum for global economic recovery. Uncertainties persisted in the international economic and trade landscape as well as in the energy market. Supported by multiple positive factors, including the sustained implementation of macroeconomic policies, the continuous optimization of the economic structure, and the accelerated cultivation of new-quality productive forces, the Chinese economy withstood external pressures and maintained overall stable and progressive performance throughout the year, providing a stable macroeconomic environment for energy infrastructure investment and the operation of the oil and gas industry. Against the backdrop of the continuous advancement of the national energy security strategy, the construction of oil and gas production, supply and storage systems progressed steadily. The ongoing development of energy infrastructure provided sustained demand support for the oil and gas pipeline sector and related industries. Closely aligned with national energy strategic deployments, the Group actively responded to the demands of major pipeline network construction projects, consistently promoted the steady development of its core business, optimised its operational strategies in light of market conditions, and continued to serve the development of the national oil and gas transportation system.

In 2025, amid economic cycles, geopolitical factors and the energy transition, the global oil and gas market exhibited a concurrent trend of volatility and adjustment. The industry displayed characteristics of both recovery and structural transformation overall. Domestically, efforts to stabilize and increase oil and gas production continued, and energy supply security capabilities further enhanced. Both oil and gas production reached record highs, with crude oil output reaching approximately 215 million tonnes and natural gas production exceeding 260 billion cubic meters, marking the ninth consecutive year of increases exceeding 10 billion cubic meters. On the demand side, the energy consumption structure continued to evolve toward cleaner and lower-carbon sources. In 2025, the share of non-fossil energy in total energy consumption increased by approximately 2 percentage points compared to the previous year, surpassing oil to become the second-largest source of energy. Regarding infrastructure, provincial oil and gas pipeline networks were steadily integrated into the national pipeline grid, with the total length of long-distance oil and gas pipelines reaching 200,000 kilometers. This further improved the energy transportation network, providing stable support for industry demand. Overall, driven by the dual imperatives of energy security and green transition, China's energy system continued to evolve towards greater security, efficiency and lower carbon intensity. Oil and gas transportation and energy infrastructure maintained their crucial strategic importance, and the industry's operations remained generally stable.

The Group closely followed national development strategies, providing significant support for the construction of national oil and gas pipelines through optimizing resource allocation, enhancing technical capabilities, and strengthening market expansion. During the Year under Review, the Group continued to serve important clients such as PipeChina and the “Three Barrels”. It successfully participated in multiple national key projects including West-East Gas Pipeline No. 4 Project\* (西氣東輸四線), Sichuan-to-East Natural Gas Pipeline No. 2 Project\* (川氣東送二線天然氣管道工程), and Dongjiakou-Dongying Crude Oil Pipeline Project\* (董東原油管道). The Group also steadily improved its production organisation and technical efficiency and ensured the smooth implementation of projects. Simultaneously, the Group actively expanded into the broader market, and successfully developed five new clients, further enhancing its market resilience and the sustainability of its business.

Looking ahead to 2026, which marks the beginning of the “15th Five-Year Plan” period, the state will continue to advance its energy security strategy and the construction of oil and gas production, supply and storage systems, while promoting the high-quality development of oil and gas pipeline networks and related infrastructure. As the energy structure is optimised, industry reforms deepen, and the green and low-carbon transition accelerates, the oil and gas sector will play a vital role in ensuring energy supply and facilitating the transition. The Group will continue to leverage its professional expertise in the oil and gas pipeline and engineering construction sectors. It will actively participate in the construction of major energy infrastructure projects, continuously strengthen its technological innovation and management capabilities, and steadily enhance its operational quality and developmental momentum, creating long-term value for investors and making a sustained contribution to the safe and stable operation of the national energy system.

## **BUSINESS REVIEW**

As one of China’s largest oil and gas pipeline manufacturers offering superior quality products with top rated facilities, cutting-edge technologies, advanced techniques and a comprehensive quality inspection and assurance system, the Group is one of the few domestic qualified suppliers which are capable of providing large-diameter pipes designed to sustain the high pressure in long-distance transportation of crude oil, refined petroleum and natural gas for large-scale oil and gas pipeline projects in China.

Major customers of the Group comprise PipeChina and large-scale state-owned oil and gas enterprises and their subsidiaries, such as the Three Barrels (being China Petroleum & Chemical Corporation (“SINOPEC”), China National Petroleum Corporation (“CNPC”), and China National Offshore Oil Corporation (“CNOOC”). The Group focuses on the design, manufacturing, anti-corrosion processing, insulation processing and servicing of submerged-arc helical welded pipes (the “SAWH pipes”) that are used to transport crude oil, refined petroleum, natural gas and other related products.

During the Year under Review, the Group participated in several major tenders and maintained a stable performance in the annual and framework tenders of national energy pipeline construction entities, including PipeChina, CNPC and SINOPEC. Within the year, the Group was awarded contracts in the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project, securing the third position for Lot B1 (L555M/X80 Submerged Arc Helical Welded Steel Pipe) and the fifth position for Lot B2 (L485M/X70 and lower-grade Submerged Arc Helical Welded Steel Pipe). Additionally, the Group successfully passed the prequalification for SINOPEC's 2026 Procurement Project for Submerged Arc Helical Welded Pipes for Long-Distance Pipelines and was shortlisted for CNPC's Annual Centralized Procurement Tender for Welded Steel Pipes.

As of 31 December 2025, the annual production capacity of the SAWH pipes, ancillary anti-corrosion production line and insulation pipe production line of the Group reached approximately 800,000 tonnes, 4.80 million square metres and 110 kilometres, respectively.

As of 31 December 2025, pipes manufactured by the Group's subsidiaries were used in the world's major oil and gas pipelines with a cumulative total length of approximately 36,084 kilometres, of which 94.9% were installed in China while the remaining 5.1% were installed outside China.

During the Year under Review, projects using large-scale SAWH pipes manufactured by subsidiaries of the Group included PipeChina Sichuan-to-East Natural Gas Pipeline No. 2 Project Sichuan-Chongqing-Hubei Section (Tongliang-Qianjiang) Project\* (國家管網集團川氣東送二線天然氣管道工程川渝鄂段(銅梁—潛江)項目), Sichuan-to-East Natural Gas Pipeline No. 2 Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section Trunk Line\* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段幹線), Sichuan-to-East Natural Gas Pipeline No. 2 Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section Zaoyang-Xuancheng Connection Line\* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段棗陽—宣城聯絡線), Changchun-Shijiazhuang Natural Gas Pipeline Project\* (長春—石家莊天然氣管道工程), Sichuan-to-East Natural Gas Pipeline No. 2 Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section Wuhu Connection Line\* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段蕪湖聯絡線), Sichuan-to-East Natural Gas Pipeline No. 2 Project Sichuan-Chongqing-Hubei Section (Weiyuan-Tongliang) Project\* (川氣東送二線天然氣管道工程川渝鄂段(威遠—銅梁)項目), Lianyungang-Yizheng Crude Oil Pipeline Project Lianyungang-Huai'an Section\* (連雲港至儀徵原油管道工程連雲港至淮安段), China-Russia Eastern Route Xiangshui Branch Pipeline Project\* (中俄東線響水支線項目), Hengnan-Changning Gas Pipeline Project\* (衡南—常寧輸氣管道項目), Guiyang Eastern Branch Pipeline Project\* (貴陽東支線管道工程), Guangdong Natural Gas Pipeline Zhuhai-Zhongshan-Jiangmen Trunk Line\* (廣東省天然氣管網珠中江幹線). Local pipelines included Henan Xuchang-Xiangcheng Long-distance Comprehensive Heat Transmission Project\* (河南許襄長輸綜合供熱工程), Sanmenxia-Xin'an-Yichuan Natural Gas Pipeline Project\* (三門峽—新安—伊川天然氣輸氣管道工程), Liaocheng-Jinan Long-distance Heat Transmission Project\* (聊熱入濟長距離供熱工程), Weihai Thermal Power 2025 Main Urban District Heating Main Network Renewal and Reconstruction

Project\* (威海熱電2025年主城區熱力主管網更新改造工程), Weihai High-Pressure Natural Gas Pipeline Project\* (威海市高壓天然氣管線工程) and the Urban Clean Heat Supply Project in Fugu County, Shannxi Province\* (陝西省府谷縣城區清潔供暖工程).

Projects using large-scale anti-corrosion pipes manufactured by subsidiaries of the Group included: PipeChina Sichuan-to-East Natural Gas Pipeline No. 2 Project Sichuan-Chongqing-Hubei Section (Tongliang-Qianjiang) Project\* (國家管網集團川氣東送二線天然氣管道工程川渝鄂段(銅梁—潛江)項目), Sichuan-to-East Natural Gas Pipeline No. 2 Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section Trunk Line\*(川氣東送二線天然氣管道工程鄂豫贛皖浙閩段幹線), Sichuan-to-East Natural Gas Pipeline No. 2 Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section Zaoyang-Xuancheng Connection Line\* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段棗陽—宣城聯絡線), Changchun-Shijiazhuang Natural Gas Pipeline Project\* (長春—石家莊天然氣管道工程), Sichuan-to-East Natural Gas Pipeline No. 2 Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section Wuhu Connection Line\* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段蕪湖聯絡線), Sichuan-to-East Natural Gas Pipeline No. 2 Project Sichuan-Chongqing-Hubei Section (Weiyuan-Tongliang) Project\* (川氣東送二線天然氣管道工程川渝鄂段(威遠—銅梁)項目), Lianyungang-Yizheng Crude Oil Pipeline Project Lianyungang-Huai'an Section\* (連雲港至儀徵原油管道工程連雲港至淮安段), China-Russia Eastern Route Xiangshui Branch Pipeline Project\* (中俄東線響水支線項目), Hengnan-Changning Gas Pipeline Project\* (衡南—常寧輸氣管道項目), Guangdong Natural Gas Pipeline Zhuhai-Zhongshan-Jiangmen Trunk Line\* (廣東省天然氣管網珠中江幹線) and Henan Province Natural Gas Pipeline Sanmenxia-Xin'an-Yichuan Natural Gas Pipeline Project\* (三門峽—新安—伊川天然氣輸氣管道工程).

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2025, the Group's revenue amounted to approximately RMB903,164,000, which was generated from the Group's core business segment, the Pipe Business, and represented an increase of approximately 58.4% when compared to that of approximately RMB570,069,000 in 2024. In particular, revenue from sales of SAWH pipes reached approximately RMB824,128,000 (2024: approximately RMB514,921,000), representing an increase of approximately 60.0%; revenue from anti-corrosion processing reached approximately RMB79,036,000 (2024: approximately RMB44,454,000), representing an increase of approximately 77.8%. Revenue from the Group's trading business significantly decreased to Nil (2024: approximately RMB10,694,000). During the Year under Review, since the Group was still in the process of seeking trading opportunities with potential customers with higher gross margins, the revenue from Trading Business decreased significantly as compared to the corresponding period of the previous year. However, as the sales volume of the Group's Pipe Business significantly increased as compared to the corresponding period of the previous year, both the revenue from the sales of SAWH pipes and anti-corrosion processing significantly increased as compared to the corresponding period of the previous year. As a result, the Group's overall revenue during the Year under Review significantly increased as compared to 2024.

### **Cost of sales and services**

The Group's cost of sales and services increased by approximately 55.5% from approximately RMB510,933,000 for the year ended 31 December 2024 to approximately RMB794,469,000 for the year ended 31 December 2025. The increase was due to a significant increase in sales volume of the Group's Pipe Business during the Year under Review as compared to the corresponding period of the previous year, resulting in a substantial increase in cost of sales and services compared with the same period last year.

### **Gross profit and gross profit margin**

The Group's gross profit increased by approximately 83.8% from approximately RMB59,136,000 for the year ended 31 December 2024 to approximately RMB108,695,000 for the year ended 31 December 2025. The Group's gross profit margin increased by approximately 1.6 percentage points from approximately 10.4% for the year ended 31 December 2024 to approximately 12.0% for the Year under Review. The increase in gross profit and gross profit margin was primarily attributable to an increase in both the national pipeline projects and anti-corrosion processing business with higher gross profit margin within the Group's Pipe Business during the Year under Review as compared to the corresponding period of the previous year.

### **Other income and gains**

The Group's other income and gains increased from approximately RMB7,657,000 for the year ended 31 December 2024 to approximately RMB19,423,000 for the year ended 31 December 2025. The increase was primarily attributable to the sales of materials of the Group, and recognising as a write-off of payables for acquisition of property, plant and equipment. As a result, other income and gains increased compared to the same period last year.

### **Selling and distribution expenses**

The Group's selling and distribution expenses increased from approximately RMB32,487,000 for the year ended 31 December 2024 to approximately RMB44,309,000 for the year ended 31 December 2025. The increase was primarily attributable to a significant increase in the sales volume of the Group's Pipe Business during the Year under Review compared to the corresponding period of the previous year, coupled with an increase in transportation fees incurred by the Group's subsidiaries.

### **Administrative expenses**

The Group's administrative expenses increased from approximately RMB78,334,000 for the year ended 31 December 2024 to approximately RMB87,638,000 for the year ended 31 December 2025. The increase in administrative expenses was primarily attributable to the increased research and development expenses incurred by the Group during the Year under Review, leading to higher administrative expenses compared to the previous year.

### **Share of results of associates**

For the year ended 31 December 2025, the Group's share of results of associates was approximately RMB18,386,000, as compared to share of results of associates of approximately RMB14,588,000 for the year ended 31 December 2024. The increase in the Group's share of results of associates during the Year under Review was mainly due to the higher profits from Hunan Shengli Xianggang Steel Pipe Co., Ltd.\* (湖南勝利湘鋼鋼管有限公司), the Group's associate, compared to the previous year.

### **Compensation expenses for a litigation**

During the Year under Review, the Group recognised a compensation expenses for a litigation of approximately RMB18,956,000 as of 31 December 2025 due to Zhejiang Shengguan Industrial Co., Ltd.\* (浙江勝管實業有限公司) (“**Zhejiang Shengguan**”), a subsidiary being involved in a lawsuit, following a final judgment that held Zhejiang Shengguan liable for supplementary compensation for the Relevant Amount (as defined in the Company's announcement dated 1 August 2025). For details of the litigation in relation to such subsidiary, please refer to the Company's announcement dated 1 August 2025 and note 21 to the annual financial statements in this announcement.

### **Disposal of equity interests**

For the year ended 31 December 2024, the Group recognised approximately RMB192,000 in the consolidated statement of changes in equity under the item of capital reserve, representing the difference between cash consideration of RMB1,890,000 and fair value of NCI recognised, on the disposal of 2% equity interest in a subsidiary Zhejiang Shengguan. During the Year under Review, there is no disposal of equity interests by the Group.

## **Finance costs**

The Group incurred finance costs of approximately RMB12,647,000 for the year ended 31 December 2025 (2024: approximately RMB13,872,000). The decrease in finance costs during the Year under Review was primarily attributable to the reduction in both the principal amount and the interest rates of the Group's borrowings compared to the same period last year.

## **Loss for the year**

The Group's total annual profit or loss for the Year under Review decreased from a loss of approximately RMB43,348,000 for the year ended 31 December 2024 to a loss of approximately RMB18,694,000 for the Year under Review. During the Year under Review, the performance of the Group's Pipe Business segment improved significantly compared with the previous year, partially offset by a one-off compensation expenses for a litigation recognised in profit or loss.

## **Other comprehensive loss**

As at 31 December 2025, the Group recognised a loss on fair value changes of unlisted equity investment which is designated at fair value through other comprehensive income (Equity Investment — FVOCI) of approximately RMB29,648,000 with reference to the valuation report prepared by an independent professional valuer, and as at 31 December 2024, the Group recognised a loss on fair value changes of Equity Investment — FVOCI of approximately RMB34,645,000.

## **Income tax expenses**

Hong Kong profits tax is calculated at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year ended 31 December 2025. The profits tax rate of China Petro Equipment Holdings Pte. Ltd., a subsidiary of the Company incorporated in the Republic of Singapore, was 17% (2024: 17%) for the year ended 31 December 2025. Under the EIT Law and Implementation Regulation of the EIT Law, the income tax rate of the Company's subsidiaries in the PRC for the Year under Review was 25% (2024: 25%). Income tax expense for the year ended 31 December 2025 was approximately RMB57,000 (2024: income tax expenses of approximately RMB57,000).

## **Total comprehensive loss for the year**

Due to the combined effect of the above factors, the audited total comprehensive loss of the Group for the year ended 31 December 2025 was RMB48,342,000, as compared to the audited total comprehensive loss of the Group of approximately RMB77,993,000 for the year ended 31 December 2024. The performance of the Group's Pipe Business segment improved significantly compared with previous year, partially offset by a one-off compensation expenses for a litigation recognised in profit or loss and the drop in change in fair value changes of the FVOCI.

## Net current liabilities

As of 31 December 2025, the Group's net current liabilities amounted to approximately RMB20,683,000, as compared to net current liabilities of approximately RMB15,358,000 as of 31 December 2024. Shandong Shengli Steel Pipe, a subsidiary of the Group, was once again selected as a core supplier for SAWH pipes in the bidding for the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project during the Year under Review, leading to improved performance in its pipe business. The Group will seize this opportunity to capitalize on the favorable development prospects of the pipeline industry and is confident that, through reasonable financial arrangements and meticulous production planning, it can ensure the sustained and stable operation of the Group's production and business activities.

## Capital expenditure

The Group incurred capital expenditure for the purchase of property, plant and equipment, expansion of production facilities and purchase of machinery for the manufacture of steel pipe products and other administrative uses. Capital expenditure during the years ended 31 December 2025 and 2024 were primarily related to the purchase of property, plant and equipment.

The following table sets forth the capital expenditure of the Group:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Purchase of property, plant and equipment	<u><b>3,119</b></u>	<u>15,435</u>

## Borrowings

As at 31 December 2025, the borrowings of the Group amounted to approximately RMB303,359,000 (2024: approximately RMB309,836,000).

The following table sets forth information of the loans of the Group:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Loans:		
Bank loans — Secured	<b>272,620</b>	276,040
Other loans — Unsecured	<u><b>30,739</b></u>	<u>33,796</u>
	<u><b>303,359</b></u>	<u>309,836</u>

The amount of loans of approximately RMB217,359,000 shall be repayable within one year. The following table sets forth the annual interest rates of the Group's bank loans:

	<b>2025</b>	2024
	%	%
Effective interest rate per annum	<u><b>3.04 to 3.97</b></u>	<u>3.40 to 4.38</u>

The other loans carried a fixed annual interest rate of 5% during the year ended 31 December 2025.

The following discussion should be read in conjunction with the Group's financial information and its notes, which are included in this announcement.

### **Financial management and fiscal policy**

During the Year under Review, the Group's revenue, expenses, assets and liabilities were primarily denominated in Renminbi. The Directors consider that the Group currently has limited foreign exchange exposure and has not entered into any hedging arrangement for its foreign exchange risk. The Group will closely monitor the foreign exchange fluctuations and will assess the need to adopt any measures in relation to foreign exchange risk from time to time.

### **Liquidity and financial resources and capital structure**

As at 31 December 2025, cash and cash equivalents of the Group amounted to approximately RMB90,311,000 (2024: approximately RMB127,720,000). As at 31 December 2025, the Group had borrowings of approximately RMB303,359,000 (2024: approximately RMB309,836,000).

The gearing ratio is defined as net debt (represented by borrowings, trade payables, contract liabilities and other payables and accruals, net of cash and cash equivalents and restricted deposits) divided by total equity plus net debt. As at 31 December 2025, the gearing ratio of the Group was 57.0% (2024: 54.3%).

### **Contingent liabilities**

For the year ended 31 December 2025, the Group had no material contingent liabilities (2024: Nil).

## **Capital commitments**

The Group has a capital commitment of approximately RMB22,000 (2024: approximately RMB175,000) in respect of acquisition of property, plant and equipment as at 31 December 2025.

## **Pledge of Assets of the Group**

As at 31 December 2025, the Group secured bank loans of RMB272,620,000 (31 December 2024: approximately RMB276,040,000) by pledge of certain of the property and plant amounting to approximately RMB112,258,000 (31 December 2024: approximately RMB117,868,000) and certain of the land use rights amounting to approximately RMB66,176,000 (31 December 2024: approximately RMB68,111,000).

## **Foreign Exchange Risk**

During the Year under Review, the Group's businesses have been mainly transacted and settled in functional currency of subsidiaries, hence the Group exposed to minimal foreign exchange risk. The Group did not utilise any forward contracts or other means to hedge its foreign exchange exposure. However, the management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts are in place.

## **Human Resources and Remuneration Policies**

The Group reviews its human resources and remuneration policies periodically with reference to local legislations, market conditions, industry practice and assessment of the performance of the Group and individual employees. As of 31 December 2025, the Group's workforce comprised of 463 employees (including the Directors) (31 December 2024: 461 employees). The total salaries and related costs (including the Directors' fees) amounted to approximately RMB65,596,000 (2024: approximately RMB56,765,000). Such increase in the total salaries and related costs was mainly due to a substantial increase in the production volume of the pipe under its pipe business during the Year under Review as compared to the previous year, which led to the increase in overtime pay and floating wages payable by the Group to its employees.

The long-term incentive scheme includes share options scheme and other incentive scheme as adopted by the Company from time to time to incentivise employees of the Company.

## DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended 31 December 2025.

## EVENTS AFTER THE YEAR UNDER REVIEW

- (1) As disclosed in the Company's announcements dated 11 August 2025, 27 August 2025 and 9 September 2025, Shandong Shengli Steel Pipe, a wholly-owned subsidiary of the Company, proposed to potentially dispose the 98% equity interest it held in Zhejiang Shengguan Industrial Co., Ltd. ("**Zhejiang Shengguan Industrial**") through public tender (the "**Intended Disposal**"). The management of the Group assessed that the Intended Disposal met the criteria under IFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*", concluding that the Intended Disposal was highly probable and expected to be completed within one year from the date of classification. The Intended Disposal did not meet the criteria for classification as discontinued operations under IFRS 5, as Zhejiang Shengguan did not represent a major line of business or geographical area of operations of the Group. Accordingly, the assets and liabilities of Zhejiang Shengguan were reclassified to "Assets classified held for sale" and "Liabilities associated with assets classified as held for sale" in the Group's consolidated statement of financial position at 31 December 2025.

On 17 March 2026, Shandong Shengli Steel Pipe entered into an equity transfer agreement with an independent third party, pursuant to which Shandong Shengli Steel Pipe agreed to transfer its 98% equity interest in Zhejiang Shengguan Industrial for a consideration of RMB14,700,000. Upon completion of the equity transfer, the Company will cease to hold any equity interest in Zhejiang Shengguan Industrial, and its financial results will no longer be consolidated into the Group's financial statements. As the conditions precedent to the equity transfer agreement have not yet been fully satisfied and completed, as at the date of this announcement, Shandong Shengli Steel Pipe had not yet completed the equity transfer transaction. However, the management is of the opinion that the Intended Disposal will be completed within 1 year since the date of reclassification of assets held for sales and liabilities associated with assets held for sales.

- (2) On 17 March 2026, Xinjiang Shengli Steel Pipe Co., Ltd. ("**Xinjiang Shengli Steel Pipe**"), a subsidiary of the Company, entered into an equipment sale and purchase agreement with an independent third party (the "**Buyer**"). Pursuant to the agreement, Xinjiang Shengli Steel Pipe agreed to sell its spiral submerged-arc welded pipe production line equipment, comprising the complete production line and ancillary inspection and testing equipment, for a consideration of RMB13,580,000. As the Buyer still requires time to dismantle the aforementioned equipment and Xinjiang Shengli Steel Pipe has not formally issued a confirmation of title transfer to the Buyer, as at the date of this announcement, Xinjiang Shengli Steel Pipe had not yet completed the transactions under the equipment sale and purchase agreement.

Save as disclosed in this announcement, there were no other important events affecting the Group that occurred since 31 December 2025 up to the date of this announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following period:

The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 22 June 2026. During the period mentioned above, no transfer of shares will be registered.

## **CORPORATE GOVERNANCE CODE**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. The Board remains committed to upholding good corporate governance and adopting sound corporate governance practices. The Company has applied the principles and code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 to the Listing Rules.

For the year ended 31 December 2025, the Company has complied with all the code provisions set out in the Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirmed that during the year ended 31 December 2025, they have complied with the required standards set out in the Model Code and the code of conduct regarding directors' securities transactions.

## **PURCHASE, REDEMPTION OR SALE OF SECURITIES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of their respective securities during the year ended 31 December 2025.

## **SUFFICIENT PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirmed that the Company has maintained sufficient public float as required under the Listing Rules during the Year under Review.

## **SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED (“FORVIS MAZARS”)**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group’s auditor, Forvis Mazars, to the amounts set out in the Group’s audited consolidated financial statements for the current year. The work performed by Forvis Mazars in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements as issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars on this preliminary announcement.

## **AUDIT OPINION FROM FORVIS MAZARS**

Forvis Mazars has expressed an unqualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2025.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established on 21 November 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process. All members of the Audit Committee are appointed by the Board. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Chen Junzhu, Mr. Qi Defu and Mr. Qiao Jianmin, with Mr. Chen Junzhu serving as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s audited consolidated financial statements for the year ended 31 December 2025.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.slogp.com](http://www.slogp.com)). The annual report for the year ended 31 December 2025 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and will be made available on the above websites in due course.

## APPRECIATION AND OUTLOOK FOR THE FUTURE

Last but not least, on behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers and employees of the Company for their continuous support and trust, which have enabled the Company to overcome difficulties and flourish. The Company is positioned in the oil and gas and related equipment and pipeline industry and has a close connection with the economic and strategic development of the country. With our technical standards, pursuit of quality unwavering efforts and unswerving dedication to our corporate philosophy, we are committed to grasping each and every opportunity. While maintaining stable growth in our core pipes business and strengthening and optimising our oil and gas transmission products, we will continue to develop new businesses in energy and pipeline-related industries, thereby delivering long-term value to our shareholders.

\* *The English names are for identification only.*

By Order of the Board  
**SHENGLI OIL & GAS PIPE HOLDINGS LIMITED**  
**Zhang Bizhuang**  
*Executive Director and Chief Executive Officer*

Zibo, Shandong, 27 March 2026

*As at the date of this announcement, the Directors are:*

*Executive Directors:* *Mr. Wei Jun, Mr. Zhang Bizhuang, Mr. Wang Kunxian and Ms. Han Aizhi*

*Non-executive Director:* *Mr. Huang Xingwang*

*Independent non-executive Directors:* *Mr. Chen Junzhu, Mr. Qi Defu and Mr. Qiao Jianmin*