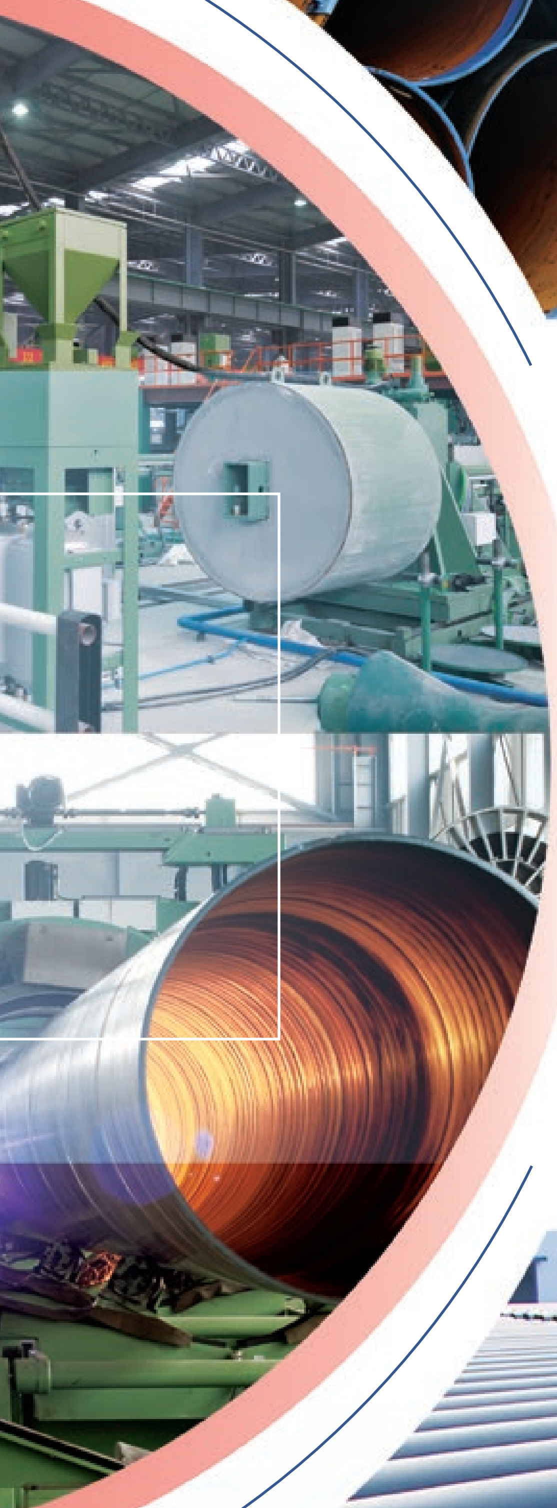


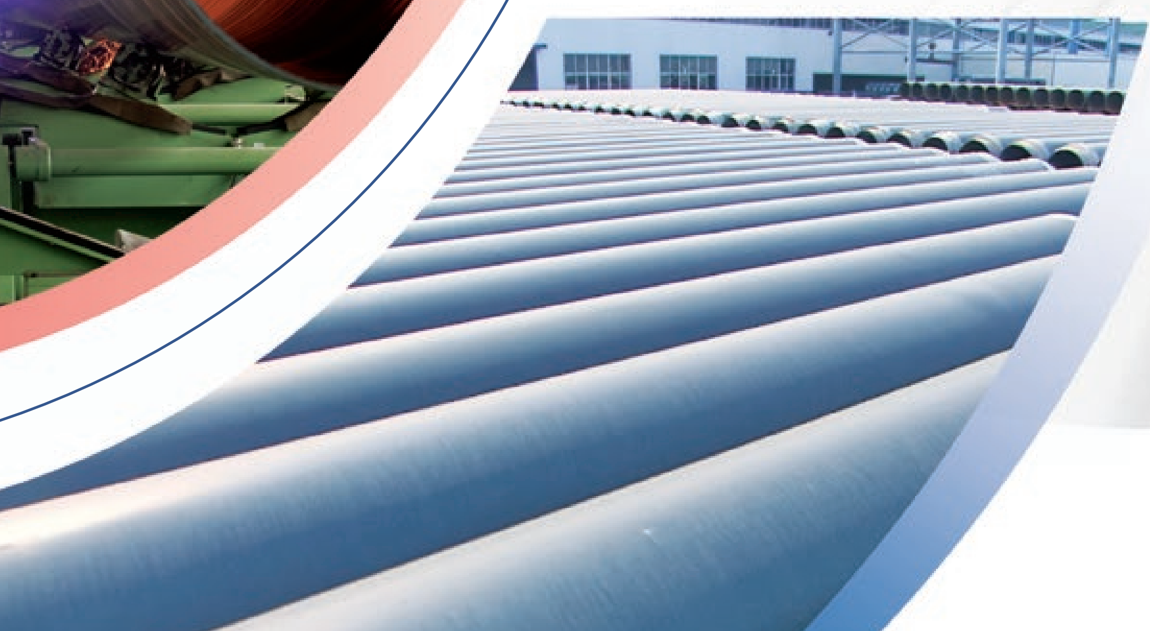
勝利管道
SHENGLI PIPE

# 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

# 2026
## Interim Report



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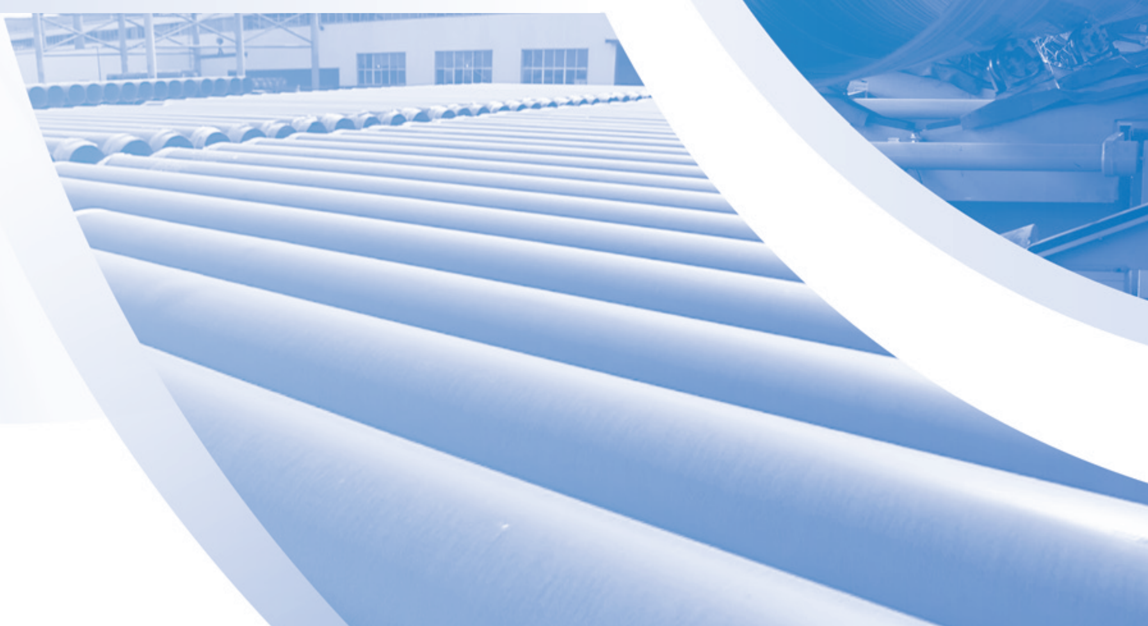

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wei Jun *(Chairman)*
Mr. Zhang Bizhuang *(Chief Executive Officer)*
Mr. Wang Kunxian *(Vice President)*
Ms. Han Aizhi *(Vice President)*

### Non-executive Directors

Mr. Huang Xingwang

### Independent non-executive Directors

Mr. Chen Junzhu, *ACCA, CICPA*
Mr. Qi Defu
Mr. Qiao Jianmin

## AUDIT COMMITTEE

Mr. Chen Junzhu *(Chairman), ACCA, CICPA*
Mr. Qi Defu
Mr. Qiao Jianmin

## REMUNERATION COMMITTEE

Mr. Qi Defu *(Chairman)*
Mr. Wei Jun
Mr. Chen Junzhu, *ACCA, CICPA*

## NOMINATION COMMITTEE

Mr. Qiao Jianmin *(Chairman)*
Ms. Han Aizhi
Mr. Qi Defu

## COMPANY SECRETARY

Mr. Zhang Feng

## AUTHORISED REPRESENTATIVES

Ms. Han Aizhi
Mr. Zhang Feng

## REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

## HEADQUARTERS IN THE PRC

Zhongbu Town
Zhangdian District, Zibo City
Shandong Province
the PRC
Postal Code: 255082

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2111, 21st Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

## PRINCIPAL BANKS

China Construction Bank
Agricultural Bank of China
Industrial & Commercial Bank of China
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia)

## LEGAL ADVISER AS TO HONG KONG LAW

DeHeng Law Offices (Hong Kong) LLP

## AUDITORS

Forvis Mazars CPA Limited
*Certified Public Accountants, Hong Kong*
42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

## SHARE REGISTRARS

### Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited

### Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

## LISTING EXCHANGE INFORMATION

Main Board
The Stock Exchange of Hong Kong Limited

## STOCK CODE

1080

## COMPANY WEBSITE

www.slogp.com

# FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2026 (the "**Period under Review**") was approximately RMB618,772,000, representing an increase of approximately 65.1% when compared to the corresponding period in 2025.

- Gross profit margin for the Period under Review was approximately 12.9%, representing an increase of approximately 1% when compared to the corresponding period in 2025.

- Profit for the period attributable to owners of the Company for the Period under Review was approximately RMB28,946,000, while loss for the period attributable to owners of the Company for the corresponding period in 2025 was approximately RMB24,146,000.

- Total comprehensive income for the period attributable to owners of the Company for the Period under Review amounted to approximately RMB28,946,000, while total comprehensive loss for the period attributable to owners of the Company for the corresponding period in 2025 amounted to approximately RMB38,133,000.

- Basic earnings per share attributable to owners of the Company for the Period under Review amounted to approximately RMB0.75 cents, while basic loss per share attributable to owners of the Company for the corresponding period in 2025 amounted to approximately RMB0.62 cents.

- The board of directors does not recommend the declaration of any interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

# CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear shareholders:

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of the Company, I hereby present to you the unaudited results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Period under Review**").

The year 2026 marks the opening year of the "15th Five-Year-Plan". In the first half of the year, China navigated mounting economic headwinds and effectively countered external disruptions and challenges. GDP grew by 4.7% year-on-year, with the economy sustaining a broadly stable trajectory while pivoting towards higher-quality and innovation-led growth. This performance underscored the resilience and vitality of the Chinese economy. Traditional industries accelerated their green transformation and upgraded their operational capabilities through digitalisation, while high-tech and digital sectors, representing new frontiers of technological advancement, posted rapid growth. Emerging industries provided strong support, green and low-carbon development took the lead, and overall quality and efficiency continued to improve, and the economy is demonstrating stronger and more sustainable growth. In the oil and gas sector, exploration and production were steadily scaled up across regions, with output reaching record highs for the period, a clear testament to the sector's robust risk-resilience capabilities. On the global front, geopolitical tensions have intertwined with supply chain disruptions, sending international energy markets through sharp and volatile swings. The external environment has grown increasingly complex and challenging.

Since the beginning of 2026, China Oil & Gas Pipeline Network Corporation* (國家石油天然氣管網集團有限公司) ("**PipeChina**") has charted a solid course for a strong start to the "15th Five-Year Plan" by rolling out five strategic initiatives, being industrial upgrading, innovation-driven development, value enhancement, reform empowerment, and risk prevention, while steadily advancing its journey toward becoming a world-class new-energy infrastructure operator. Guided by the national energy security strategy, the Group has remained firmly focused on its core business, upheld its commitment to integrity and innovation, and fulfilled its mission in serving major national strategic priorities, with a determination to drive high-quality, sustainable and resilient development.

## DEEPENING CORE MARKET PRESENCE AND DIVERSIFYING PORTFOLIO TO STRENGTHEN OUR FOUNDATION

During the Period under Review, the Group maintained deep synergies with key customers, including PipeChina, China Petroleum & Chemical Corporation ("**SINOPEC**"), China National Petroleum Corporation ("**CNPC**"), China National Offshore Oil Corporation ("**CNOOC**") (collectively, the "**Three Barrels**") and China Petroleum Technology & Development Corporation* (中國石油技術開發有限公司) ("**CPTDC**"). Leveraging our strong track record in executing framework agreements, we continued to solidify our core business base. In the first half of 2026, the Group successfully secured orders for a number of major national pipeline projects of PipeChina, including the Changchun — Shijiazhuang Natural Gas Pipeline Project, the Jiangsu — Anhui — Henan Trunk Line Project (Binhai — Lushan), the Wen 23—Anqing Natural Gas Pipeline, and the Heihe–Daqing Natural Gas Pipeline Project, the Daqing–Changling Natural Gas Pipeline Project. These contract wins further reinforced our position as a key supplier to PipeChina and have built a solid experience for our participation in more national-level projects going forward. In addition, we successfully renewed the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project, laying a strong foundation for our business operations this year and enabling the Group to embed itself more deeply into the broader landscape of national energy pipeline infrastructure development.

In parallel, the Group has been proactively expanding into the social market and optimising its business portfolio, steadily enhancing both its market influence and overall competitiveness. Despite securing a robust volume of orders from major national pipeline projects in the first half of 2026, we continued to actively pursue new collaboration opportunities and successfully onboarded two new clients in the social market, injecting sustained momentum into our sustainable development.

## STREAMLINING PRODUCTION ORGANISATION AND SCHEDULING TO GUARANTEE SUPPLY DELIVERY

During the Period under Review, the Group adopted a scientific and coordinated approach with meticulous planning and control. We optimised production scheduling and ran multiple production lines in parallel, efficiently completing the steel pipe manufacturing and anti-corrosion coating tasks for a number of key pipeline projects. At the production workshop of Shandong Shengli Steel Pipe Co., Ltd.* (山東勝利鋼管有限公司) ("**Shandong Shengli Steel Pipe**"), the workforce was strategically reorganised and integrated based on factors such as work experience, age structure, and technical capabilities. All employees strictly adhered to safety protocols and maintained rigorous quality control throughout the entire production process, ensuring that all performance indicators met the required standards. In response to PipeChina's specifications for pipe length, we retrofitted the hydraulic press tooling to increase the maximum testable pipe length from 12.35 metres to 13 metres, successfully overcoming the bottleneck in producing extra-long pipes and laying the technical groundwork for future production. Through rigorous and systematic rectification, the electromagnetic interference issue affecting the No.4 inspection line was resolved, which effectively safeguarded production schedules, upheld the quality lifeline of our products, and enhanced the stability and precision of our production operations. The Anti-corrosion and Insulation Branch Plant seized the peak production window by refining production targets, optimising the three-shift operating mechanism, and improving workforce efficiency. In April 2026, it achieved a historic milestone, setting new records for both per capita monthly and daily output since the plant's establishment, thereby providing strong support for capacity assurance and order fulfilment. During the Period under Review, we streamlined logistics planning and exercised rigorous process control to rapidly and efficiently complete the steel pipe delivery tasks for key national projects, including the Changchun — Shijiazhuang Natural Gas Pipeline Project, the Jiangsu — Anhui — Henan Trunk Line Project, and the Wen 23—Anqing Natural Gas Pipeline Project, contributing to the development of the nation's energy pipeline infrastructure.

## ADVANCING "SMART TRANSFORMATION AND DIGITALISATION", AND GREEN & LOW-CARBON DEVELOPMENT TO EMPOWER INDUSTRIAL UPGRADING

The Group has actively responded to the national call for "Smart Transformation and Digitalisation" as well as green and low-carbon development, driving the re-engineering of our entire production process. During the Period under Review, the "Intelligent Digital Factory for High-End Oil and Gas Transmission Pipelines" project submitted by Shandong Shengli Steel Pipe was successfully selected as a 2026 Advanced-Level Smart Factory in Shandong Province, achieving a "two-level leap" from municipal foundational level to provincial advanced level. This has enabled us to establish a full-chain digital control system covering everything from raw material intake to finished product dispatch, positioning the facility as a benchmark for intelligent manufacturing transformation in the region.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

In the green and low-carbon domain, Shandong Shengli Steel Pipe was successfully named a 2026 Zibo City Green Factory, marking an important milestone on our green development journey and validating our comprehensive capabilities in clean production, energy conservation, and environmental protection. In addition, the Group successfully completed the registration and filing of its distributed photovoltaic power generation project with the national renewable energy power generation project database, and secured the accreditation of 108 Green Electricity Certificates (GECs). These certificates not only directly offset our clean energy assessment targets, but also effectively reduced our need to purchase external GECs, tangibly lowering energy procurement costs. This has further optimised our energy consumption structure, supported the Company's green and low-carbon transition, and delivered simultaneous improvements in both ecological and economic benefits.

## STRENGTHENING OUR QUALIFICATION SYSTEM AND QUALITY REPUTATION TO SET INDUSTRY BENCHMARKS

During the Period under Review, the Group continued to enhance its management systems and technical capabilities, achieving notable milestones in qualification maintenance and upgrading. Shandong Shengli Steel Pipe successfully passed the recertification audits for both the API Spec 5L monogram and the API Q1 Quality Management System. The audit team gave full recognition to our core strengths in on-site production standardisation management, process planning and implementation, quality management system assurance capabilities, professional staffing, and production equipment operation and maintenance. These highlighted achievements have been duly incorporated into the official audit report submitted to the American Petroleum Institute. In parallel, Shandong Shengli Steel Pipe successfully passed the recertification assessment for its Pressure Pipe Element Manufacturing License, fully validating that our production, quality inspection, and full-chain quality management systems are in full compliance with the latest national standards and specifications for special equipment. Furthermore, a specialist team from PipeChina conducted a quality inspection tour of Shandong Shengli Steel Pipe in June 2026, and commended the Group's performance and progress in its core pipeline manufacturing business. The Group has maintained its key certifications in good standing, including those for quality management, environmental management, occupational health and safety management, energy management, API monogram licensing and Q1 management system certification, as well as CNAS laboratory accreditation.

The continued enhancement and authoritative validation of our qualifications not only demonstrate the Group's comprehensive capabilities in technology R&D, quality management, and product performance, but also establish robust competitive barriers that enable us to continue penetrating the major national pipeline market.

## DEEPENING COST REDUCTION, EFFICIENCY ENHANCEMENT, AND LEAN MANAGEMENT TO UNLOCK OPERATIONAL PERFORMANCE

During the Period under Review, the Group continued to advance the localisation of pre-finish welding equipment. For spare parts with high procurement costs and long lead times, we adopted domestic component alternatives and carried out targeted retrofits to enable compatibility with locally manufactured parts. We completed the customised localisation of critical components, including the walking motor for the material preparation vehicle and the external forming control roller, and actively initiated trials of domestically produced welding machines. These efforts have significantly shortened procurement cycles while also reducing spare parts costs.

In terms of management mechanism optimisation, the Group deepened its safety management practices with a strong focus on tangible outcomes. We focused on major safety risks and high-risk operating procedures, and made it a standard practice to incorporate mandatory safety briefings into pre-shift meetings. We also introduced an innovative "daily review, weekly close-out" production tracking mechanism, which involves daily assessments of production completion rates by each unit and weekly dynamic adjustments to team production schedules. By closely monitoring the workflow bottlenecks and processing efficiency at critical positions across different units, we have achieved a marked improvement in equipment operating stability. Through meticulous on-site management, we have successfully ensured the attainment of daily, weekly, and monthly production targets. Through these institutional innovations, the Group has been able to unlock greater operational efficiency, ensuring that we remain lean and agile in the face of intense competition.

## DRIVING INNOVATION-LED DEVELOPMENT AND CULTIVATING TALENT RESOURCES

The Group remains steadfast in making technological innovation its core growth driver, and continues to ramp up R&D investment to enhance professional capabilities. During the Period under Review, we filed 3 new invention patents and 8 utility model patents, and our technical staff published 3 research papers covering cutting-edge technologies and their applications in the industry. We also participated in the review discussions for the industry standard for Steel Pipes for Oil and Gas Transmission Pipelines, and contributed to the drafting of the standard for Greenhouse Gases — Requirements for Quantifying Product Carbon Footprints — Welded Steel Pipes for Petroleum and Natural Gas.

In terms of talent development, the Group adheres to the principle of "unlocking the innovative potential of our people while building proprietary intellectual property." During the Period under Review, one employee at Shandong Shengli Steel Pipe was awarded the title of Professorate Senior Engineer, a milestone that marks the first time in the plant's history that we have independently cultivated a talent at this senior professional grade from within our own ranks. This achievement signifies a new chapter in the Group's efforts to build a high-calibre talent pool, and injects fresh momentum into our sustained growth through technological advancement. The Group has always placed great emphasis on developing versatile talent with multi-disciplinary expertise, while ensuring stability and continuity in training for key positions. These efforts build a robust talent pipeline that underpins the Company's long-term development.

## FUTURE PROSPECTS

The year 2026 marks a pivotal moment as the construction of the new-energy system under the "15th Five-Year Plan" enters full swing. At the Oil and Gas Infrastructure Conference held by the National Energy Administration on 3 June 2026, it was made clear that major projects under the "15th Five-Year Plan" should be commenced and commissioned to the fullest extent possible, ensuring that pipeline projects aligned with government planning are seamlessly connected to the national trunk network. This will further improve the "One National Network" for oil and gas and promote synergies with the hydrogen-based energy pipeline transmission system. With the implementation of the 15th Five-Year Plan for the Development of a New Energy System, the interconnectivity of oil and gas pipeline networks, the independent control of critical equipment, and the green and intelligent transformation have become strategic priorities for safeguarding national energy security. The Group will steadfastly pursue high-quality development as our overarching priority, and under the guidance of "new quality productive forces," we will continue to deepen technological iteration and management innovation. Seizing the opportunities presented by the development of the new-energy system, we are committed to forging a distinctive competitive edge and firmly maintaining the initiative in our own development.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

PipeChina's innovative development plan for the "15th Five-Year Plan" period clearly outlines its strategy to implement innovation-led initiatives and build a new-energy infrastructure centred on the "Matter-Energy Network." In 2026, it plans to launch 30 projects with a total pipeline length exceeding 3,000 kilometres, presenting extensive opportunities for supply chain enterprises. Our subsidiary, Shandong Shengli Steel Pipe, has continuously renewed the contract for the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project and secured substantial orders for a number of pipeline projects. The Group will continue to support PipeChina's efforts to build a "new-quality, green, and smart pipeline network" with reliable products and efficient services, contributing our strength to the national energy security mission.

In response to the evolving landscape, the Group will take a holistic approach to fulfilling its supply obligations for major national pipeline projects while expanding into high-quality social markets, building a diversified and robust order portfolio. By deepening strategic collaboration with core clients and enhancing our service capabilities, we will ensure the long-term sustainability of our business. At the same time, we will accelerate the commercialisation of our achievements in smart and green transformation, drive product upgrades through technological innovation, and continuously strengthen our core competitiveness, demonstrating our renewed commitment to building a modern energy system.

Last but not least, I would like to express my sincere gratitude to all shareholders, clients, stakeholders 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, empowering new quality productive forces with "Shengli Smart Manufacturing", 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 the first half of 2026, the international geopolitical landscape underwent profound realignment, with the global energy supply chain restructuring accelerating and external uncertainties mounting. Governments and departments at all levels resolutely implemented the policy decisions and arrangements of the Party Central Committee and the State Council, effectively executing a more proactive and impactful macroeconomic policy framework. The economy operated within a reasonable range despite headwinds, with new quality productive forces taking shape and strengthening, and high-quality development progressing steadily towards higher standards and greater efficiency. During the first half of 2026, China's GDP reached approximately RMB69.57 trillion, representing a year-on-year growth of 4.7%. The overall stability of the economy has laid a solid macroeconomic foundation for energy infrastructure investment and the sound operation of the oil and gas industry. The Group closely aligned itself with the national energy security strategy, actively responded to the demands of major pipeline construction projects and further promoted the steady development of its core business, contributing to the construction of the national oil and gas transportation system by adopting proactive business strategies tailored to market realities.

In the first half of the year, amid volatility in global energy markets, China's oil and gas industry took coordinated steps to maintain and increase stable production, steadily enhancing its energy supply security capabilities. On the domestic front, various regions pushed forward with oil and gas exploration and production, achieving record-high output for the same period. Industrial crude oil output from enterprises above designated size reached 109 million tonnes, up 0.9% year-on year, while industrial natural gas output from enterprises above designated size hit 133.0 billion cubic meters, a year-on-year increase of 1.6%, both setting a new record for the same period in history. On the demand side, total energy consumption in society in the first half of the year grew by 2.7% year-on-year. Guided by the national energy security strategy of the "Four Revolutions and One Cooperation," China has assumed the dual role of being both the world's largest contributor to incremental energy demand and the world's largest testing ground for energy transition, with its share of global energy consumption growth exceeding half. According to the China Oil, Gas and New Energy Market Development Report (2026), China's oil demand is expected to enter a peak plateau phase during the "15th Five-Year Plan" period, while emerging business models will bring new opportunities in application scenarios, new chemical materials, and sales network transformation.

During the Period under Review, the Group seized the opportunities presented by PipeChina's "One National Network" initiative, deepened its "Smart Transformation and Digitalisation" and green manufacturing efforts, and continued to reinforce strategic mutual trust with PipeChina and the "Three Barrels". We maintained a balanced approach to securing supply for core trunk lines while expanding into regional branch pipeline markets. In addition, we remained committed to talent-driven development, elevating our high-calibre workforce to a new level, and energising growth through technological innovation. In doing so, we have fortified our foundation for high-quality development amid the shifting energy market landscape.

# MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead to the second half of the year, 2026 being the inaugural year of the "15th Five-Year Plan" period, the National Energy Administration convened the 2026 Oil and Gas Infrastructure Planning, Construction and Pipeline Protection Conference in Beijing on 3 June, at which it reaffirmed its commitment to further scaling up investment in and construction of oil and gas infrastructure, while continuing to improve the "One National Network" for oil and gas. The Group will capitalise on the window of accelerated pipeline network development and the upgrade towards smart and green solutions under the "15th Five-Year Plan". We will continue to leverage our professional strengths in pipeline manufacturing and engineering services, empowering new quality productive forces with "Shengli Smart Manufacturing." We are fully committed to ensuring the high-quality delivery of major national pipeline projects, contributing to the development of a modern energy system and securing the bottom line of national energy security, while generating sustainable long-term returns for our shareholders.

## 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 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. The Group focuses on the design, manufacturing, anti-corrosion processing, insulation processing and servicing of submerged-arc helical welded pipes (the "**SAWH pipes**") used for the transport of crude oil, refined petroleum, natural gas and other related products.

As of 30 June 2026, 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 30 June 2026, 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 36,348 kilometres, of which 95% were installed in China while the remaining 5% were installed outside China.

During the Period under Review, large-scale SAWH steel pipe projects undertaken by the Group's subsidiaries included: the PipeChina Changchun — Shijiazhuang Natural Gas Pipeline Project* (國家管網集團長春 — 石家莊天然氣管道工程); the Jiangsu — Anhui — Henan Trunk Line Project (Binhai — Lushan)* (蘇皖豫幹線項目(濱海 — 魯山)); the Wen 23—Anqing Natural Gas Pipeline Project* (文23-安慶天然氣管道項目); the Second Sichuan-to-East Gas Transmission Pipeline (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); the Shandong Pipeline Network North Trunk Line Project (Phase I)* (山東管網北幹線項目(一期)); the Guiyang East Branch Pipeline Project* (貴陽東支線管道工程); the Hengnan — Changning Gas Transmission Pipeline Project* (衡南 — 常寧輸氣管道項目); and the China — Russia Eastern Route Xiangshui Branch Pipeline Project* (中俄東線響水支線項目). Local pipeline projects included: the Beijing District Heating Group's renovation project for the old urban core area of the capital* (北京市熱力集團首都功能核心區老舊改造項目); Lot 1 of the Xinjiang 2026 Gas Pipeline Steel Pipe Material Procurement Framework Project* (新疆2026年輸氣管道鋼管物資採購框架入圍項目一標段); the Zibo Heating Pipeline Network Interconnection and Industrial Waste Heat Comprehensive Utilisation Project (Phase I)* (淄博市供熱管網互聯互通和工業餘熱綜合利用一期項目); the Henan Provincial Gas Pipeline Network Sanmenxia — Xin'an — Yichuan Gas Transmission Pipeline Project* (河南省天然氣管網三門峽 — 新安 — 伊川天然氣輸氣管道工程); and the Binzhou Natural Gas Comprehensive Utilisation Project (Yangxin — Shanghe High-Pressure Natural Gas Pipeline)* (濱州市天然氣綜合利用項目(陽信至商河高壓天然氣管線)).

During the Period under Review, large-scale anti-corrosion coated pipeline projects that utilised products from the Group's subsidiaries included: the PipeChina Changchun — Shijiazhuang Natural Gas Pipeline Project* (國家管網集團長春 — 石家莊天然氣管道工程); the Jiangsu — Anhui — Henan Trunk Line Project (Binhai — Lushan)* (蘇皖豫幹線項目(濱海 — 魯山)); the Second Sichuan-to-East Gas Transmission Pipeline (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); the Wen 23—Anqing Natural Gas Pipeline Project* (文23-安慶天然氣管道項目); the Shandong Pipeline Network North Trunk Line Project (Phase I)* (山東管網北幹線項目(一期)); the Guiyang East Branch Pipeline Project* (貴陽東支線管道工程); the Hengnan — Changning Gas Transmission Pipeline Project* (衡南 — 常寧輸氣管道項目); the China — Russia Eastern Route Xiangshui Branch Pipeline Project* (中俄東線響水支線項目). Local pipeline projects included: Lot 1 of the Xinjiang 2026 Gas Pipeline Steel Pipe Material Procurement Framework Project* (新疆2026年輸氣管道鋼管物資採購框架入圍項目一標段); the Henan Provincial Gas Pipeline Network Sanmenxia — Xin'an — Yichuan Gas Transmission Pipeline Project* (河南省天然氣管網三門峽 — 新安 — 伊川天然氣輸氣管道工程); and the Binzhou Natural Gas Comprehensive Utilisation Project (Yangxin — Shanghe High-Pressure Natural Gas Pipeline)* (濱州市天然氣綜合利用項目(陽信至商河高壓天然氣管線)).

## FINANCIAL REVIEW

### Revenue

The Group's unaudited revenue for the Period under Review was approximately RMB618,772,000, which was generated from the Group's core business segment, the Pipes Business, and represented an increase of approximately 65.1% when compared to that of approximately RMB374,825,000 for the corresponding period in 2025. In particular, revenue from sales of SAWH pipes reached approximately RMB564,498,000 (the corresponding period in 2025: approximately RMB341,927,000), representing an increase of approximately 65.1%; revenue from anti-corrosion processing reached approximately RMB54,274,000 (the corresponding period in 2025: approximately RMB32,898,000), representing an increase of approximately 65.0%. During the Period under Review and the corresponding period in 2025, revenue from the Group's trading business was nil. Nevertheless, the Group was still in the process of seeking trading opportunities with potential customers with higher gross margins. During the Period under Review, coinciding with the inaugural year of the national "15th Five-Year Plan", several major long-distance pipelines of PipeChina commenced full-scale construction, and the Group was once again awarded contracts in the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project in late 2025, resulting in a significant increase in the sales volume of the Group's Pipe Business during the Period under Review compared to the corresponding period in 2025, and a substantial increase in both the revenue from the sales of SAWH pipes and anti-corrosion processing compared to the corresponding period in 2025, leading to a substantial increase in the Group's revenue during the Period under Review compared to the corresponding period in 2025.

### Cost of sales and services

The Group's cost of sales and services increased by approximately 63.3% from approximately RMB330,040,000 for the six months ended 30 June 2025 to approximately RMB538,956,000 during the Period under Review. The increase was primarily attributable to a significant increase in the sales volume of the Pipe Business during the Period under Review compared with the corresponding period in 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

### Gross profit and gross profit margin

Gross profit of the Group for the Period under Review was approximately RMB79,816,000, as compared to approximately RMB44,785,000 for the corresponding period in 2025, representing an increase of approximately 78.2%. The Group's gross profit margin increased by 1% from approximately 11.9% for the six months ended 30 June 2025 to approximately 12.9% for the Period 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 Period under Review as compared to the corresponding period in 2025.

### Other income, gains and losses

Other income, gains and losses of the Group increased from approximately RMB6,793,000 for the six months ended 30 June 2025 to approximately RMB10,382,000 for the Period under Review. Such an increase was primarily because the gain on sales of materials of the Group during the Period under Review increased compared to the corresponding period in 2025.

### Selling and distribution expenses

Selling and distribution expenses of the Group increased from approximately RMB19,896,000 for the six months ended 30 June 2025 to approximately RMB27,745,000 for the Period under Review, principally due to a significant increase in the sales volume of the Group's Pipe Business during the Period under Review, which led to an increase in transportation fees incurred by the Group's subsidiaries.

### Administrative expenses

The Group's administrative expenses increased from approximately RMB38,904,000 for the six months ended 30 June 2025 to approximately RMB41,326,000 for the Period under Review. The main reason for such increase in administrative expenses was the increased research and development expenses incurred by the Group during the Period under Review, leading to higher administrative expenses compared to the corresponding period in 2025.

### Share of results of an associate

During the Period under Review, the Group recorded a share of profit of an associate of approximately RMB12,465,000, as compared to a share of profit of an associate of approximately RMB7,437,000 for the corresponding period in 2025, which was primarily due to the continuous extension in the performance of the Group's associate, Hunan Shengli Xianggang Steel Pipe Co., Ltd.* (湖南勝利湘鋼鋼管有限公司), during the Period under Review as compared with the corresponding period in 2025.

### Compensation expenses for a litigation

During the corresponding period in 2025, the Group recognised compensation expenses for a litigation of approximately RMB18,403,000 due to Zhejiang Shengguan Industrial Co., Ltd.* (浙江勝管實業有限公司) ("**Zhejiang Shengguan**"), a subsidiary of the Group, being involved in a lawsuit, following a final judgment that held Zhejiang Shengguan liable for supplementary compensation for the relevant amount. On 20 April 2026, the Group disposed of its entire equity interests in Zhejiang Shengguan, and following such disposal, the Group lost control over Zhejiang Shengguan and no additional default interest was accrued. During the Period under Review, the Group recognised compensation expenses for a litigation of approximately RMB331,000 in respect of its supplementary compensation liability under the litigation. For details of the litigation in relation to Zhejiang Shengguan, please refer to note 19 to this interim report, the Company's announcement dated 1 August 2025 and the 2025 annual report.

### Finance costs

The Group's finance costs decreased from approximately RMB6,447,000 for the six months ended 30 June 2025 to approximately RMB6,315,000 for the Period under Review. The finance costs were mainly incurred for the interest of bank loans.

### Gain on disposal of subsidiaries

During the Period under Review, the Group recognised a gain on disposal of the entire equity interests in a subsidiary, Zhejiang Shengguan, of approximately RMB1,507,000, being the difference between the cash consideration of RMB14,700,000 and the Group's share of the net assets of Zhejiang Shengguan. During the corresponding period in 2025, the Group had no disposal of subsidiary.

### Other comprehensive loss

As at 30 June 2025, the Group recognised a loss on fair value changes of an unlisted equity investment which is designated at fair value through other comprehensive income ("**Equity Investment — Designated FVOCI**") of approximately RMB14,272,000 with reference to the valuation report prepared by an independent professional valuer, and as at 20 April 2026, the Group completed the disposal of its entire equity interests in its subsidiary, Zhejiang Shengguan, and as a result, as at 30 June 2026, the Group no longer has any unlisted equity investment designated at fair value through other comprehensive income.

### Income tax expense

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 June 2025: 16.5%) on the estimated assessable profit for the six months ended 30 June 2026. The income tax rate of China Petro Equipment Holdings Pte. Ltd., a subsidiary of the Company incorporated in the Republic of Singapore, is 17% (six months ended 30 June 2025: 17%) for the six months ended 30 June 2026. Under the Enterprise Income Tax Law (the "**EIT Law**") and Implementation Regulation of the EIT Law, the income tax rate of the Company's subsidiaries in the PRC for the Period under Review is 25% (six months ended 30 June 2025: 25%). The income tax expense of the Group for the Period under Review amounted to approximately RMB20,000, which remained unchanged as compared to that for the six months ended 30 June 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

### Profit (Loss) for the period

The Group's profit for the period turned from a loss of approximately RMB25,364,000 for the six months ended 30 June 2025 to a profit of approximately RMB28,629,000 for the Period under Review. During the Period under Review, the performance of the Group's Pipe Business segment improved significantly compared with the corresponding period in 2025, while the one-off compensation expenses for a litigation recognised in profit or loss decreased substantially compared with the corresponding period in 2025, resulting in a significant increase in profit for the period.

### Total comprehensive income (loss) for the period

The Group's total comprehensive income for the period turned from a loss of approximately RMB39,636,000 for the six months ended 30 June 2025 to a profit of approximately RMB28,629,000 for the Period under Review. During the Period under Review, the performance of the Group's Pipe Business segment improved significantly compared with the corresponding period in 2025, while the compensation expenses for a litigation recognised in profit or loss decreased substantially compared with the corresponding period in 2025, and there was no loss on fair value changes of an unlisted equity investment which is designated at fair value through other comprehensive income during the Period under Review, resulting in a significant increase in comprehensive income.

### Assets and liabilities

As of 30 June 2026, the Group's total assets amounted to approximately RMB1,124,851,000 (31 December 2025: approximately RMB1,008,202,000); the Group's total liabilities amounted to approximately RMB717,504,000 (31 December 2025: approximately RMB629,215,000); and the Group's net assets amounted to approximately RMB407,347,000 (31 December 2025: approximately RMB378,987,000).

### Net current assets (liabilities)

As at 30 June 2026, the Group had net current assets of approximately RMB12,767,000 compared with net current liabilities of approximately RMB20,683,000 as at 31 December 2025. The turnaround from net current liabilities to net current assets was primarily attributable to the fact that during the Period under Review, coinciding with the inaugural year of the national "15th Five-Year Plan", several major long-distance pipelines of PipeChina commenced full-scale construction, and the Group was once again awarded contracts in the PipeChina 2025–2026 Annual Line Pipe Centralised Procurement Project in late 2025, resulting in a significant increase in the performance in its Pipe Business. The Group will seize this opportunity to capitalise on the favourable development prospects of the pipeline industry and is confident in ensuring the continued and stable operation of the Group's production and business activities through sound capital allocation and meticulous production planning.

### Capital expenditure

The Group incurred capital expenditure for the acquisition of property, plant and equipment, expansion of production facilities and purchase of machinery for the manufacture of steel pipe products. Capital expenditure during the six months ended 30 June 2026 and 2025 was primarily related to the purchase of property, plant and equipment.

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

| | Six months ended 30 June 2026 RMB'000 | Six months ended 30 June 2025 RMB'000 |
|---|---|---|
| Purchase of property, plant and equipment | **2,344** | 1,318 |

## Indebtedness

### *Borrowings*

As at 30 June 2026, the borrowings of the Group amounted to approximately RMB293,650,000 (31 December 2025: approximately RMB303,359,000).

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

| | As at 30 June 2026 RMB'000 | As at 31 December 2025 RMB'000 |
|---|---|---|
| Borrowings: | | |
| Bank loans — Secured | **293,650** | 272,620 |
| Other loans — Unsecured | **—** | 30,739 |
| | **293,650** | 303,359 |

| | As at 30 June 2026 RMB'000 | As at 31 December 2025 RMB'000 |
|---|---|---|
| Borrowings are repayable as follows: | | |
| On demand or within one year | **192,650** | 217,359 |
| One to two years | **101,000** | 86,000 |
| | **293,650** | 303,359 |

# MANAGEMENT DISCUSSION AND ANALYSIS

The amount of loans of approximately RMB192,650,000 shall be repayable within one year. The following table sets forth the effective interest rates of the Group's bank loans:

| | **As at 30 June 2026 %** | As at 31 December 2025 % |
|---|---|---|
| Effective interest rate per annum | **3.33 to 3.87** | 3.04 to 3.97 |

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

Details of the borrowings of the Group are set out in note 16 to the unaudited condensed consolidated interim financial statements in this report.

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

### LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of 30 June 2026, cash and cash equivalents of the Group amounted to approximately RMB121,172,000 (31 December 2025: approximately RMB90,311,000). Cash and cash equivalents increased slightly as compared to 31 December 2025. The Group had borrowings of approximately RMB293,650,000 as of 30 June 2026 (31 December 2025: approximately RMB303,359,000).

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 the sum of total equity and net debt. As of 30 June 2026, the gearing ratio of the Group was approximately 57.5% (31 December 2025: approximately 57.0%).

### FINANCIAL MANAGEMENT AND FISCAL POLICY

During the Period 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 currency movement and will assess the need to adopt any measures in relation to foreign exchange risk from time to time.

### INTERIM DIVIDEND

The Board does not recommend the declaration of any interim dividend for the Period under Review (for the six-month period ended 30 June 2025: Nil).

* The English names are for identification only

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

| Name of Directors/ chief executives | Capacity | Number of issued ordinary shares held | Number of shares underlying options granted under the Share Option Scheme | Approximate percentage of the issued share capital of the Company as at 30 June 2026 |
|---|---|---|---|---|
| Wei Jun | Interest in controlled corporation(1) | 620,000,000 | N/A | 16.003% |
| Zhang Bizhuang | Interest in controlled corporation(2) | 153,130,224 | N/A | 3.952% |
| | Beneficial owner(3) | 79,800,000 | | 2.06% |
| Wang Kunxian | Interest in controlled corporation(4) | 26,708,760 | N/A | 0.689% |
| Han Aizhi | Interest in controlled corporation(5) | 26,708,760 | N/A | 0.689% |

Notes:

(1) Mefun Group Limited holds 620,000,000 shares of the Company (representing approximately 16.003% of the issued shares of the Company) and is the single largest shareholder of the Company. Mefun Group Limited is held as to 65.97% and 34.03% by Mr. Wei Jun and HZJ Holding Limited, respectively. Mr. Wei Jun is the chairman and executive Director of the Company. Therefore, Mr. Wei Jun is deemed to be interested in the shares of the Company held by Mefun Group Limited by virtue of the SFO.

(2) Goldmics Investments Limited ("**Goldmics Investments**") holds 153,130,224 shares of the Company, representing approximately 3.952% of the issued shares of the Company. Mr. Zhang Bizhuang, an executive Director and the Chief Executive Officer, holds 40% interest of the issued share capital of Goldmics Investments, and Ms. Du Jichun, his spouse, holds the remaining 60% interest. Therefore, Mr. Zhang Bizhuang is deemed to be interested in the shares of the Company held by Goldmics Investments by virtue of the SFO.

(3) Mr. Zhang Bizhuang holds 79,800,000 shares of the Company, representing approximately 2.06% of the issued shares of the Company.

(4) Glad Sharp Limited ("**Glad Sharp**") holds 26,708,760 shares of the Company, representing approximately 0.689% of the issued shares of the Company. Mr. Wang Kunxian, an executive Director, owns the entire issued share capital of Glad Sharp and is therefore deemed to be interested in the shares of the Company held by Glad Sharp by virtue of the SFO.

(5) Crownova Limited ("**Crownova**") holds 26,708,760 shares of the Company, representing approximately 0.689% of the issued shares of the Company. Ms. Han Aizhi, an executive Director, owns the entire issued share capital of Crownova and is therefore deemed to be interested in the shares of the Company held by Crownova by virtue of the SFO.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executives of the Company or the chairman of the Company or their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period under Review was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and minor children) to hold any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

## CAPITAL COMMITMENTS

The Group had a capital commitment of approximately RMB256,000 (31 December 2025: approximately RMB22,000) in respect of acquisition of property, plant and equipment as at 30 June 2026.

## PLEDGE OF ASSETS

As at 30 June 2026, the bank loans of RMB293,650,000 (31 December 2025: approximately RMB272,620,000) were secured by pledge of certain property, plant and equipment amounting to approximately RMB118,803,000 (31 December 2025: approximately RMB112,258,000), certain right-of-use assets amounting to approximately RMB65,209,000 (31 December 2025: approximately RMB66,176,000) and patent rights (31 December 2025: Nil) of the Group.

## FOREIGN EXCHANGE RISK

During the Period under Review, the Group's businesses have been mainly transacted and settled in the functional currency of subsidiaries, so the Group has had minimal exposure to foreign currency 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.

## CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any contingent liabilities (31 December 2025: Nil).

## HUMAN RESOURCES AND REMUNERATION POLICIES

The Group reviews its human resources and remuneration policies periodically with reference to local legislations, market conditions, industry practices and assessments of the performance of the Group and individual employees. As at 30 June 2026, the Group has employed a workforce of 466 employees (including the Directors). The total salaries and related costs (including the Directors' fees) amounted to approximately RMB34,773,000 (30 June 2025: approximately RMB30,020,000).

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 20 May 2016. The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the Share Option Scheme) an opportunity to have a personal stake in the Company and motivate them to optimise their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and in the case of executives, to enable the Group to attract and retain individuals with profound experience and ability and/or to reward them for their past contributions.

Participants referred to below are the "Eligible Persons" under the Share Option Scheme, which include:

(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any full-time or part-time employee, or any person for the time being seconded to work full-time or part-time for any member of the Group ("**Employee**");

(b) a director or proposed director (including an independent non-executive director) of any member of the Group;

(c) a direct or indirect shareholder of any member of the Group;

(d) a supplier of goods or services to any member of the Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(g) an associate (as defined under the Listing Rules) of any of the persons referred to in paragraphs (a) to (c) above.

The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 20 May 2016 and will remain in force until 19 May 2026. The Company may at any time terminate the operation of the Share Option Scheme by resolution in general meeting. Upon termination of the Share Option Scheme as aforesaid, no further options shall be granted but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. An offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1.0 in total by the grantee. The exercise period of the share options granted is determined by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options. The subscription price in respect of any particular share option shall be such price as the Board may in its discretion determine at the time of grant of the relevant share option (and shall be stated in the letter containing the offer of the grant of the share option) but shall not be less than whichever is the highest of:

(a) the nominal value of a share;

(b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the date of offer; and

(c) the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 327,436,560 shares, being 10% of the shares in issue as of the date of adoption (the "**Scheme Mandate Limit**"), provided that:

(a) the Company may at any time as the Board may think fit, seek approval from the shareholders of the Company to refresh the Scheme Mandate Limit, save that the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not exceed 10% of the shares in issue as of the date of approval by shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. The Company shall send to the shareholders a circular containing the details and information required under the Listing Rules.

(b) the Company may seek separate approval from its shareholders in general meeting for granting options beyond the Scheme Mandate Limit, provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Person(s) specified by the Company before such approval is obtained. The Company shall send to the shareholders a circular containing the details and information required under the Listing Rules.

(c) The maximum number of shares which may be issued upon full exercise of outstanding options granted under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of options to such Eligible Person would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant shall be separately approved by the shareholders of the Company in general meeting with such Eligible Person and his/her/its associate(s) abstaining from voting. The Company shall send a circular to the shareholders disclosing the identity of the Eligible Person, the number and terms of the options to be granted (and options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such Eligible Person must be fixed before the approval of the shareholders of the Company and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those options.

The Share Option Scheme was adopted on 20 May 2016 for a period of 10 years. Accordingly, the 65,493,060 shares available for grant under the Share Option Scheme expired on May 19 2026.

After taking into account of and exclusion of the options which have been exercised, cancelled or lapsed under the Share Option Scheme, as at 1 January 2026 and 30 June 2026, the total number of shares available for grant under the scheme limit of the Share Option Scheme were 65,493,060 and 0, representing approximately 1.6904% and 0% of the weighted average number of ordinary shares of the Company for the Period under Review, respectively, and approximately 1.6904% and 0% of the issued shares of the Company of 3,874,365,600 shares as at the date of this report, respectively.

The number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the period divided by the weighted average number of issued shares of the Company (excluding treasury shares) for the period is 0%, as no option or award was granted under any share schemes of the Company during the period.

During the Period under Review, no share options were granted to the Eligible persons under Rule 17.07(1) of the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Company's knowledge and based on information available from public sources, as at 30 June 2026, the following persons/entities (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

| Name of shareholders | Capacity | Number of issued ordinary shares/ underlying shares held | Approximate percentage of the issued share capital of the Company |
|---|---|---|---|
| Mefun Group Limited | Beneficial owner[1] | 620,000,000 | 16.003% |
| HZJ Holding Limited | Interest in controlled corporation[2] | 620,000,000 | 16.003% |
| Chen Haili | Interest in controlled corporation[2] | 620,000,000 | 16.003% |
| Yang Zhihui | Interest of spouse[2] | 620,000,000 | 16.003% |
| LM Global Asset LP | Beneficial owner[3] | 580,954,500 | 14.99% |
| LMT International Corporation Limited | Interest in controlled corporation[3] | 580,954,500 | 14.99% |
| Shandong Private Joint Investment Holding Co., Ltd.* | Interest in controlled corporation[3] | 580,954,500 | 14.99% |
| LM Asset Management Corp | Interest in controlled corporation[3] | 580,954,500 | 14.99% |
| Huang Guang | Interest in controlled corporation[3] | 580,954,500 | 14.99% |
| Du Jichun | Interest of spouse[4] | 79,800,000 | 2.06% |
| | Interest in controlled corporation[5] | 153,130,224 | 3.952% |

Notes:

(1) Mefun Group Limited holds 620,000,000 shares of the Company (representing 16.003% of the issued shares of the Company), which is in turn owned as to 65.97% by Mr. Wei Jun. Mr. Wei Jun also acts as a director of Mefun Group Limited. Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" for details.

(2) HZJ Holding Limited holds 34.03% of the issued share capital of Mefun Group Limited and HZJ Holding Limited is held as to 100% by Ms. Chen Haili. Mr. Yang Zhihui is the spouse of Ms. Chen Haili. Therefore, HZJ Holding Limited, Ms. Chen Haili and Mr. Yang Zhihui are deemed to be interested in the shares of the Company held by Mefun Group Limited by virtue of the SFO.

(3) LM Global Asset LP is a limited partnership registered under the laws of the British Virgin Islands and holds 580,954,500 shares of the Company, representing 14.99% of the issued shares of the Company. LMT International Corporation Limited is a limited partner of LM Global Asset LP and holds approximately 49.18% of the partnership interest in LM Global Asset LP. LMT International Corporation Limited is wholly owned by Shandong Private Joint Investment Holding Co., Ltd. The general partner of LM Global Asset LP is LM Asset Management Corp, which is in turn owned as to approximately 70% by Mr. Huang Guang. Therefore, each of Mr. Huang Guang, LM Asset Management Corp, LMT International Corporation Limited and Shandong Private Joint Investment Holding Co., Ltd. is deemed to be interested in the shares of the Company held by LM Global Asset LP by virtue of the SFO.

(4) Ms. Du Jichun is the spouse of Mr. Zhang Bizhuang. Therefore, by virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Du Jichun is deemed to be interested in all the shares held by Mr. Zhang Bizhuang.

(5) Goldmics Investments holds 153,130,224 shares of the Company, representing 3.952% of the issued shares of the Company. Ms. Du Jichun holds 60% interest of the issued share capital of Goldmics Investments, and Mr. Zhang Bizhuang, her spouse, holds the remaining 40% interest. Therefore, Ms. Du Jichun is deemed to be interested in the shares of the Company held by Goldmics Investments by virtue of the SFO. Mr. Zhang Bizhuang is a director of Goldmics Investments. Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" for details.

Save as disclosed above, as at 30 June 2026, to the best of the Company's knowledge and based on information available from public sources, the Company had not been notified by any persons (other than Directors or chief executives of the Company) of any interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CONTRACTS WITH CONTROLLING SHAREHOLDERS

During the Period under Review, no contract of significance, including contracts for the provision of services, had been entered into between the Company or any of its subsidiaries and the controlling shareholders.

## COMPETING BUSINESS

During the Period under Review and up to the date of this report, none of the Directors and controlling shareholders of the Company has any interest in business which competes, either directly or indirectly, with the business of the Group under the Listing Rules.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at 30 June 2026, the Company has maintained a public float of not less than 25% as required under the Listing Rules.

# REPORT OF THE DIRECTORS

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the Period under Review or at the end of the Period under Review.

## CAPITAL COMMITMENT

Save as disclosed in note 17 to the unaudited condensed consolidated interim financial statements in this report, the Group did not have any material capital commitment as at 30 June 2026.

## SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments as of 30 June 2026.

## MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 17 March 2026, the Group disposed of its 98% equity interest in its subsidiary Zhejiang Shengguan Industrial Co., Ltd.* (浙江勝管實業有限公司) ("**Zhejiang Shengguan**") to an independent third party for a cash consideration of RMB14,700,000, and the above disposal was completed on 20 April 2026. Upon completion, the Group ceased to hold any equity interest in Zhejiang Shengguan. For details, please refer to note 20 to this report and the 2025 annual report.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Period under Review.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no definite future plan for material investments or acquisition of material capital assets as at 30 June 2026.

## CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

The Directors' updated information is set out below. Upon specific enquiry by the Company and confirmations from Directors, save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company published 2025 annual report.

### Mr. Chen Junzhu (陳君柱)

*Independent Non-executive Director*

He has been our independent non-executive Director since May 2013, and currently serves as the executive director and general manager of Guangzhou Peixing Technology Co., Ltd.* (廣州市沛興科技有限責任公司). Mr. Chen served as a certified public accountant and senior auditor for Deloitte Touche Tohmatsu CPA Ltd from August 2001 to August 2004. He was an audit manager of the internal audit department in Wal-Mart (China) Investment Co., Ltd. from September 2004 to June 2006. From July 2006 to June 2007, Mr. Chen was a certified public accountant and a manager of the M&A transaction department in Ernst & Young Certified Public Accountants. He was a partner of Guangdong Zheng Yuan Public Accountants* (廣東正源會計師事務所) from July 2007 to January 2022. He served as a director and the chief financial officer of Huakang Insurance Agency Co., Ltd.* (華康保險代理有限公司) from September 2011 to September 2014, a general manager of Shenzhen Junyuan Capital Management Co., Ltd* (深圳市浚源資本管理有限公司) from January 2022 to December 2025, an independent director and the chairman of the audit committee of Guangdong Tapai Group Co. Ltd.* (廣東塔牌集團股份有限公司), a company listed on the Shenzhen Stock Exchange, from May 2013 to June 2019, an independent director of Shenzhen Genvict Technologies Co., Ltd.* (深圳市金溢科技股份有限公司), a company listed on the Shenzhen Stock Exchange from March 2020 to March 2026, an independent director of Guangdong PAK Corporation Co., Ltd.* (廣東三雄極光照明股份有限公司) since May 2021, and an independent director of Telepower Communication Co., Ltd.* (廣東天波信息技術股份有限公司), a company listed on the National Equities Exchange and Quotations since September 2021.

Mr. Chen graduated from China Foreign Affairs University with a bachelor's degree in arts in 1998, and graduated from Southwest University of Political Science & Law with a master's degree in law in 2003. Mr. Chen is a member of the Chinese Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

## EVENT OCCURRING AFTER THE PERIOD UNDER REVIEW

Up to the date of this report, there were no significant events affecting the Group after the Period under Review that had come to the attention of the Directors.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

By Order of the Board
**Zhang Bizhuang**
*Executive Director & Chief Executive Officer*

21 August 2026

* The English names are for identification purposes only

# CORPORATE GOVERNANCE

## OVERVIEW

Guided by its corporate mission of "Serving Oil and Gas Pipelines, Contributing to Steel Structure Construction, and Delivering Value to Shareholders and Society", its business philosophy of "Iron Will, Unwavering Perseverance, Humble Integrity, and Striving for Perpetual Excellence," and its core values of "Growth and Strengthening, Industrial Service to the Nation, Pursuit of Excellence, and Commitment to Societal Well-being," the Group actively participates in national energy construction projects and infrastructure construction. Leveraging its professional expertise in the oil and gas pipeline and engineering construction sectors, the Group addresses the growing energy demand, supports national development, and creates long-term value for its investors.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group, so as to achieve effective accountability to the shareholders as a whole and enable shareholders' evaluation of such application. The Board strives to uphold good corporate governance and adopts sound corporate governance practices. During the Period under Review, the Company has adopted the principles and code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Listing Rules of the Stock Exchange, and has complied with all code provisions set out in the Code.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. The Company has made specific enquiries of all Directors and all Directors confirmed that during the Period under Review, they have complied with the required standards set out in the Model Code and the code of conduct regarding Directors' securities transactions.

## 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 make recommendations to the Board on the appointment, reappointment and removal of external auditor, to approve the remuneration and terms of engagement of the external auditor, any questions of its resignation or dismissal; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process to develop and implement policy on engaging an external auditor to supply non-audit services; and to review and supervise the financial reporting process (particularly the integrity) and internal control system of the Group. 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. Mr. Chen Junzhu serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's unaudited financial statements for the Period under Review and this interim report, as well as the risk management and internal control system and its implementation.

## REVIEW OF ACCOUNTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the unaudited interim financial statements for the Period under Review, with the management and external auditor, who has conducted certain agreed-upon procedures on the interim financial information for the Period under Review in accordance with Hong Kong Standard on Related Services 4400 (Revised) “Agreed-Upon Procedures Engagements” issued by the Hong Kong Institute of Certified Public Accountants.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Period under Review (including resale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as at 30 June 2026.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | **RMB'000** | RMB'000 |
| | Notes | **(Unaudited)** | (Unaudited) |
| **Revenue** | 4 | **618,772** | 374,825 |
| Cost of sales and services | | **(538,956)** | (330,040) |
| Gross profit | | **79,816** | 44,785 |
| Other income, gains and losses | 5 | **10,382** | 6,793 |
| Selling and distribution expenses | | **(27,745)** | (19,896) |
| Administrative expenses | | **(41,326)** | (38,904) |
| Other expenses | | **(263)** | (802) |
| Share of results of an associate | | **12,465** | 7,437 |
| Gain on disposal of a subsidiary | 20(a) | **1,507** | — |
| Reversal of impairment loss on trade receivables, net | | **459** | 93 |
| Compensation expenses for a litigation | 19 | **(331)** | (18,403) |
| Finance costs | 6 | **(6,315)** | (6,447) |
| **Profit (Loss) before tax** | 7 | **28,649** | (25,344) |
| Income tax expense | 8 | **(20)** | (20) |
| **Profit (Loss) for the period** | | **28,629** | (25,364) |
| **Other comprehensive loss:** | | | |
| *Item that will not be reclassified to profit or loss:* | | | |
| Change in fair value of equity investment designated at fair value through other comprehensive income ("**Equity Investment — Designated FVOCI**") | 12 | **—** | (14,272) |
| **Total comprehensive income (loss) for the period** | | **28,629** | (39,636) |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Notes | Six months ended 30 June<br>**2026**<br>**RMB'000**<br>**(Unaudited)** | <br>2025<br>RMB'000<br>(Unaudited) |
|---|---|---|---|
| **Profit (Loss) for the period attributable to:** | | | |
| Owners of the Company | | **28,946** | (24,146) |
| Non-controlling interests | | **(317)** | (1,218) |
| | | **28,629** | (25,364) |
| **Total comprehensive income (loss) for the period attributable to:** | | | |
| Owners of the Company | | **28,946** | (38,133) |
| Non-controlling interests | | **(317)** | (1,503) |
| | | **28,629** | (39,636) |
| **Earnings (Loss) per share** | | | |
| Basic (RMB cents) | 9 | **0.75** | (0.62) |
| Diluted (RMB cents) | 9 | **0.75** | (0.62) |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

| | Notes | At 30 June 2026 RMB'000 (Unaudited) | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **191,056** | 197,354 |
| Right-of-use assets | | **162,505** | 164,685 |
| Investment in an associate | | **138,217** | 125,752 |
| Deposits paid for acquisition of property, plant and equipment | | **859** | 161 |
| Deferred tax assets | | **176** | 212 |
| Consideration receivables from disposal of a subsidiary | 20(a) | **4,700** | — |
| | | **497,513** | 488,164 |
| **Current assets** | | | |
| Inventories | | **176,949** | 133,758 |
| Trade receivables | 13 | **129,101** | 106,377 |
| Contract assets | | **35,693** | 39,644 |
| Prepayments, deposits and other receivables | 14 | **143,352** | 109,994 |
| Restricted deposits | | **21,071** | 6,964 |
| Cash and cash equivalents | | **121,172** | 90,311 |
| | | **627,338** | 487,048 |
| Assets classified as held for sale | 20(b) | **—** | 32,990 |
| | | **627,338** | 520,038 |
| **Current liabilities** | | | |
| Trade and bills payables | 15 | **263,463** | 156,434 |
| Other payables and accruals | | **28,661** | 18,514 |
| Contract liabilities | | **128,792** | 128,441 |
| Lease liabilities | | **713** | 725 |
| Borrowings | 16 | **192,650** | 217,359 |
| Deferred income | | **292** | 292 |
| | | **614,571** | 521,765 |
| Liabilities associated with assets classified as held for sale | 20(b) | **—** | 18,956 |
| | | **614,571** | 540,721 |
| **Net current assets (liabilities)** | | **12,767** | (20,683) |
| **Total assets less current liabilities** | | **510,280** | 467,481 |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

| | Notes | At 30 June 2026 RMB'000 (Unaudited) | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | | **1,327** | 1,726 |
| Borrowings | 16 | **101,000** | 86,000 |
| Deferred income | | **410** | 556 |
| Deferred tax liabilities | | **196** | 212 |
| | | **102,933** | 88,494 |
| **NET ASSETS** | | **407,347** | 378,987 |
| **Capital and reserves** | | | |
| Issued capital | | **334,409** | 334,409 |
| Reserves | | **64,754** | 35,808 |
| **Equity attributable to owners of the Company** | | **399,163** | 370,217 |
| **Non-controlling interests** | | **8,184** | 8,770 |
| **TOTAL EQUITY** | | **407,347** | 378,987 |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued capital RMB'000 | Share premium RMB'000 | Statutory surplus reserve RMB'000 | Share option reserve RMB'000 | FVOCI reserve RMB'000 | Capital reserve RMB'000 | Other reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 | Non controlling interests RMB'000 | Total equity RMB'000 |
| At 1 January 2025 (audited) | 334,409 | 1,230,106 | 62,484 | 201 | (34,645) | 192 | (9) | (1,174,556) | 418,182 | 9,147 | 427,329 |
| Loss for the period | – | – | – | – | – | – | – | (24,146) | (24,146) | (1,218) | (25,364) |
| **Other comprehensive loss** | | | | | | | | | | | |
| *Item that will not be reclassified to profit or loss:* | | | | | | | | | | | |
| Change in fair value of Equity Investment – Designated FVOCI | – | – | – | – | (13,987) | – | – | – | (13,987) | (285) | (14,272) |
| **Total other comprehensive loss for the period** | – | – | – | – | (13,987) | – | – | – | (13,987) | (285) | (14,272) |
| **Total comprehensive loss for the period** | – | – | – | – | (13,987) | – | – | (24,146) | (38,133) | (1,503) | (39,636) |
| Transactions with owners | | | | | | | | | | | |
| *Contributions and distributions* | | | | | | | | | | | |
| Forfeited share options | – | – | – | (201) | – | – | – | 201 | – | – | – |
| **Total transactions with owners** | – | – | – | (201) | – | – | – | 201 | – | – | – |
| **At 30 June 2025 (unaudited)** | 334,409 | 1,230,106 | 62,484 | – | (48,632) | 192 | (9) | (1,198,501) | 380,049 | 7,644 | 387,693 |

| | **Attributable to owners of the Company** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Issued capital RMB'000** | **Share premium RMB'000** | **Statutory surplus reserve RMB'000** | **Share option reserve RMB'000** | **FVOCI reserve RMB'000** | **Capital reserve RMB'000** | **Other reserve RMB'000** | **Accumulated losses RMB'000** | **Total RMB'000** | **Non controlling interests RMB'000** | **Total equity RMB'000** |
| At 1 January 2026 (audited) | **334,409** | **1,230,106** | **62,484** | **–** | **(63,700)** | **192** | **(9)** | **(1,193,265)** | **370,217** | **8,770** | **378,987** |
| Profit (Loss) for the period | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **28,946** | **28,946** | **(317)** | **28,629** |
| **Transactions with owners** | | | | | | | | | | | |
| *Contributions and distributions* | | | | | | | | | | | |
| Transfer to accumulated losses upon disposal of a subsidiary (Notes 12 and 20) | **–** | **–** | **–** | **–** | **63,700** | **–** | **–** | **(63,700)** | **–** | **–** | **–** |
| *Changes in ownership interests* | | | | | | | | | | | |
| Disposal of a subsidiary (Note 20) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(269)** | **(269)** |
| **Total transactions with owners** | **–** | **–** | **–** | **–** | **63,700** | **–** | **–** | **(63,700)** | **–** | **(269)** | **(269)** |
| **At 30 June 2026 (unaudited)** | **334,409** | **1,230,106** | **62,484** | **–** | **–** | **192** | **(9)** | **(1,228,019)** | **399,163** | **8,184** | **407,347** |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Notes | Six months ended 30 June 2026 RMB'000 (Unaudited) | 2025 RMB'000 (Unaudited) |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit (Loss) before tax | | **28,649** | (25,344) |
| Adjustments for: | | | |
| Finance costs | | **6,315** | 6,447 |
| Interest income | | **(318)** | (190) |
| Compensation income | | **—** | (981) |
| Share of results of an associate | | **(12,465)** | (7,437) |
| Depreciation of property, plant and equipment | | **8,258** | 7,909 |
| Depreciation of right-of-use assets | | **2,180** | 2,176 |
| Gain on disposal of a subsidiary | 20(a) | **(1,507)** | — |
| Forfeiture of contract liabilities | | **(554)** | — |
| Write-off of property, plant and equipment | | **363** | 78 |
| Reversal of impairment loss on trade receivables, net | | **(459)** | (93) |
| Compensation expenses for a litigation | 19 | **331** | 18,403 |
| Provision for (Reversal of) write-down of inventories, net | | **322** | (227) |
| Recognition of deferred income | | **(146)** | (146) |
| **Operating cash flows before changes in working capital** | | **30,969** | 595 |
| Changes in working capital: | | | |
| Inventories | | **(43,513)** | (33,315) |
| Trade receivables | | **(22,265)** | 11,614 |
| Contract assets | | **3,951** | 11,835 |
| Prepayments, deposits and other receivables | | **(29,358)** | 58,404 |
| Trade and bills payables | | **107,029** | 61,557 |
| Other payables and accruals | | **11,281** | (1,416) |
| Contract liabilities | | **905** | (111,092) |
| **Cash generated from (used in) operations and net cash from (used in) operating activities** | | **58,999** | (1,818) |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

| | Notes | Six months ended 30 June<br>2026<br>RMB'000<br>(Unaudited) | <br>2025<br>RMB'000<br>(Unaudited) |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment | | **(2,539)** | (1,398) |
| Proceeds from disposal of property, plant and equipment | | **21** | – |
| Partial settlement of consideration received from disposal of a subsidiary | 20(a) | **6,000** | – |
| Change in pledged deposits | | **(14,107)** | (29,757) |
| Interest received | | **318** | 190 |
| Settlement of consideration receivables from the non-controlling shareholder of a subsidiary in respect of partial disposal of equity interests in a subsidiary | | **–** | 1,890 |
| **Net cash used in investing activities** | | **(10,307)** | (29,075) |
| **FINANCING ACTIVITIES** | | | |
| Inception of borrowings | | **139,650** | 91,250 |
| Repayment of borrowings | | **(149,359)** | (62,280) |
| Repayment of lease liabilities | | **(468)** | (551) |
| Interest paid | | **(7,654)** | (5,588) |
| **Net cash (used in) from financing activities** | | **(17,831)** | 22,831 |
| **Net increase (decrease) in cash and cash equivalents** | | **30,861** | (8,062) |
| **Cash and cash equivalents at the beginning of the reporting period** | | **90,311** | 127,720 |
| **Cash and cash equivalents at the end of the reporting period** | | **121,172** | 119,658 |

## MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2026, addition of properties with an aggregated amount of approximately RMB161,000 were settled by deposits paid in prior years. (30 June 2025: addition of properties with an aggregated amount of approximately RMB981,000 represented the settlement of financial compensation, detailed in note 5 to the unaudited condensed consolidated interim financial statements, on a dollar-to-dollar basis.)

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

## 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 Cayman Islands on 3 July 2009. The shares of the Company have been 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 places of business in Hong Kong and Chinese Mainland 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, respectively.

The Group is principally engaged in the manufacture, processing and sale of welded steel pipes for oil and gas pipelines and other construction and manufacturing applications and trading of commodities.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the IAS Accounting Standard ("**IAS**") 34 "*Interim Financial Reporting*" as issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure provisions to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The preparation of the unaudited condensed consolidated interim financial statements in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2025, and therefore, do not include all of the information required for a full set of financial statements prepared in accordance with the IFRS Accounting Standards ("**IFRSs**") which collective term includes all applicable individual IFRS Accounting Standards, IAS and IFRIC Interpretations as issued by the IASB. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The unaudited condensed consolidated interim 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 measurement basis used in the preparation of the unaudited condensed consolidated interim financial statements is historical cost except for Equity Investment — Designated FVOCI, which is measured at fair value.

## 2. BASIS OF PREPARATION (Continued)

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2025.

In the current period, the Group has adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and effective for its accounting period beginning on 1 January 2026. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's interim financial statements and amounts reported for the current and prior periods.

At the date of authorisation of the unaudited condensed consolidated interim financial statements, the IASB has issued a number of new/revised IFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted. The Directors do not anticipate that the future adoption of new/revised IFRS Accounting Standards will have any material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

The Group has two reportable segments which comprise (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 on resource allocation and performance assessment.

Segment assets exclude deferred tax assets, certain 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 payables for a litigation and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment results represent the results from each segment without taking into account the allocation of interest income, rental income, gain on disposal of a subsidiary, 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.

## 3. SEGMENT INFORMATION (Continued)

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

### Segment revenue and results

**For the six months ended 30 June 2026 (Unaudited)**

| | Pipe Business RMB'000 | Trading Business RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Segment revenue:** | | | |
| Sales to external customers | 618,772 | – | 618,772 |
| **Segment results** | 39,487 | (1,219) | 38,268 |
| Interest income | | | 318 |
| Rental income | | | 485 |
| Gain on disposal of a subsidiary | | | 1,507 |
| Compensation expenses for a litigation | | | (331) |
| Unallocated expenses | | | (5,283) |
| Finance costs | | | (6,315) |
| Profit before tax | | | 28,649 |
| Income tax expense | | | (20) |
| **Profit for the period** | | | 28,629 |

## 3. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

For the six months ended 30 June 2025 (Unaudited)

| | Pipe Business RMB'000 | Trading Business RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Segment revenue:** | | | |
| Sales to external customers | 374,825 | – | 374,825 |
| **Segment results** | 4,945 | (1,046) | 3,899 |
| Interest income | | | 190 |
| Rental income | | | 501 |
| Compensation income | | | 981 |
| Compensation expenses for a litigation | | | (18,403) |
| Unallocated expenses | | | (6,065) |
| Finance costs | | | (6,447) |
| Loss before tax | | | (25,344) |
| Income tax expense | | | (20) |
| **Loss for the period** | | | (25,364) |

### Segment assets and liabilities

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

**At 30 June 2026 (Unaudited)**

| | Pipe Business RMB'000 | Trading Business RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Segment assets** | **1,095,726** | **452** | **28,673** | **1,124,851** |
| **Segment liabilities** | **(420,558)** | **(10)** | **(296,936)** | **(717,504)** |

## 3. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities (Continued)

At 31 December 2025 (Audited)

| | Pipe Business RMB'000 | Trading Business RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Segment assets** | 949,197 | 442 | 58,563 | 1,008,202 |
| **Segment liabilities** | (301,888) | (3) | (327,324) | (629,215) |

### 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 of revenue from external customers is provided as substantially all of the Group's revenue is principally attributable to Chinese Mainland.

The geographical location of the Group's non-current assets, other than investment in an associate, deferred tax assets and consideration receivables from disposal of a subsidiary, is presented based on the location of the assets as follows:

### Non-current assets

| | **At 30 June 2026 RMB'000 (Unaudited)** | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Chinese Mainland | **352,465** | 359,747 |
| Hong Kong | **1,955** | 2,453 |
| | **354,420** | 362,200 |

## 3. SEGMENT INFORMATION (Continued)

### 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 | Six months ended 30 June<br>**2026**<br>**RMB'000**<br>**(Unaudited)** | <br>2025<br>RMB'000<br>(Unaudited) |
|---|---|---|---|
| Customer A | Pipe Business | **553,108** | 314,450 |

## 4. REVENUE

### Disaggregation of revenue from contracts with customers within IFRS 15

| | Six months ended 30 June<br>**2026**<br>**RMB'000**<br>**(Unaudited)** | <br>2025<br>RMB'000<br>(Unaudited) |
|---|---|---|
| **Types of goods or service** | | |
| **Pipe Business** | | |
| Sales of pipe | **564,498** | 341,927 |
| Rendering of services related to Pipe Business | **54,274** | 32,898 |
| | **618,772** | 374,825 |
| **Geographical markets** | | |
| Chinese Mainland | **618,772** | 374,825 |
| **Timing of revenue recognition** | | |
| At a point in time | **618,772** | 374,825 |

## 5. OTHER INCOME, GAINS AND LOSSES

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| **Other income** | | |
| Interest income | **318** | 190 |
| Government grants (Note (i)) | **146** | 146 |
| Rental income | **485** | 501 |
| Others | **655** | 895 |
| | **1,604** | 1,732 |
| **Other gains and losses** | | |
| Compensation income (Note (ii)) | **—** | 981 |
| Gain on sales of materials | **8,587** | 4,158 |
| Forfeiture of contract liabilities | **554** | — |
| Write-off of property, plant and equipment | **(363)** | (78) |
| | **8,778** | 5,061 |
| | **10,382** | 6,793 |

Notes:

(i) In the opinion of the Directors, there was no unfulfilled condition or contingency relating to the government grants.

(ii) During the six months ended 30 June 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 as issued by 山東省淄博市中級人民法院 (Zibo City Intermediate People's Court, Shandong*), 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, the remaining financial compensation of approximately RMB731,000 has not been recognised in the profit or loss as the Defendant was known to have financial difficulties and the recoverability of the amount is not probable.

* The English name is for identification only.

## 6. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Interest on bank loans | **5,680** | 5,578 |
| Interest on other loans | **578** | 847 |
| Interest on lease liabilities | **57** | 22 |
| | **6,315** | 6,447 |

## 7. PROFIT (LOSS) BEFORE TAX

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Cost of inventories sold (Notes (i) and (ii)) | **509,787** | 310,449 |
| Cost of services | **29,169** | 19,591 |
| | **538,956** | 330,040 |
| Employees benefits expenses (including directors' remunerations) | **34,773** | 30,020 |
| Depreciation of property, plant and equipment | **8,258** | 7,909 |
| Depreciation of right-of-use assets | **2,180** | 2,176 |
| Write-off of property, plant and equipment | **363** | 78 |
| Reversal of impairment loss on trade receivables, net | **(459)** | (93) |
| Short-term lease payments | **37** | 55 |
| Research and development expenses (Note (iii)) | **5,772** | 1,667 |

Notes:

(i) Included in the cost of inventories sold is an amount of approximately RMB322,000 related to write-down of inventories for the six months ended 30 June 2026 (six months ended 30 June 2025: approximately RMB227,000 related to the reversal of write-down of inventories).

(ii) Cost of inventories sold includes approximately RMB31,301,000 (30 June 2025: approximately RMB25,487,000) 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 six months ended 30 June 2026.

(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 six months ended 30 June 2026.

## 8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Current tax | **—** | — |
| Deferred tax | **20** | 20 |
| Income tax expense | **20** | 20 |

For the six months ended 30 June 2026 and 2025, the assessable profits of Hong Kong incorporated subsidiaries of the Group are entitled to a two-tiered profits tax rates regime (the "**Hong Kong Profits Tax**") that the first Hong Kong dollars ("**HK$**") 2,000,000 of assessable profits of qualifying corporations 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 six months ended 30 June 2026 and 2025.

Singapore Corporate Income Tax ("**CIT**") is calculated at 17% of the assessable profits for the six months ended 30 June 2026 and 2025. Singapore CIT has not been provided as the Group had no assessable profits in Singapore for the six months ended 30 June 2026 and 2025.

Under the Law of the People's Republic of China (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 was 25% for the six months ended 30 June 2026 and 2025. PRC Enterprise Income Tax has not been provided for the six months ended 30 June 2026 and 2025 as (i) certain Group's entities in Chinese Mainland incurred a loss for taxation purpose or (ii) the Group's estimated profits for the period were wholly absorbed by unrelieved tax losses brought forward from previous years.

## 9. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share is based on the following data:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| **Profit (Loss):** | | |
| Profit (Loss) attributable to the owners of the Company, used in basic earnings (loss) per share calculation | **28,946** | (24,146) |

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| **Number of shares:** | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share | **3,874,365,600** | 3,874,365,600 |

The computation of diluted earnings (loss) per share does not assume the exercise of the outstanding share options during the six months ended 30 June 2025 since the exercise price per share option was higher than the average share price of the Company for the six months ended 30 June 2025.

There were no potential dilutive ordinary shares in issue during the six months ended 30 June 2026.

The diluted earnings (loss) per share is the same as the basic earnings (loss) per share for the six months ended 30 June 2026 and 2025.

## 10. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment at a total cost of approximately RMB2,344,000 (six months ended 30 June 2025: RMB2,299,000).

Property, plant and equipment with a carrying amount of approximately RMB363,000 (six months ended 30 June 2025: RMB78,000) were written-off during the six months ended 30 June 2026.

Property, plant and equipment with a carrying amount of RMB21,000 (six months ended 30 June 2025: Nil) were disposed of by the Group during the six months ended 30 June 2026.

## 12. EQUITY INVESTMENT — DESIGNATED FVOCI

| | **Unlisted equity investment** RMB'000 |
|---|---|
| At 1 January 2025 (audited) | 62,619 |
| Change in fair value recognised in other comprehensive loss | (29,648) |
| Presented as assets classified as held for sales (Note 20(b)) | (32,971) |
| At 31 December 2025 (audited), 1 January 2026 (audited) and **30 June 2026 (unaudited)** | — |

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, 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 six months ended 30 June 2026 and 2025.

Upon initial recognition, 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.

At 31 December 2025, the Equity investment — Designated FVOCI was presented and included in "Assets classified as held for sale" as detailed in Note 20 to this report.

Upon the completion of the Zhejiang Disposal (as defined in Note 20(a)), the cumulative loss in FVOCI reserve of approximately RMB63,700,000 was transferred directly to accumulated losses as equity movement under the relevant accounting standards.

At the date of the Zhejiang Disposal, the Directors assessed the fair value of Equity Investment — Designated at FVOCI was not different from the fair value at 31 December 2025.

* The English name is for identification only.

## 13. TRADE RECEIVABLES

| | **At 30 June 2026 RMB'000 (Unaudited)** | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Trade receivables from third parties | **129,528** | 106,667 |
| Trade receivables from an associate | **–** | 596 |
| | **129,528** | 107,263 |
| Less: Loss allowance | **(427)** | (886) |
| | **129,101** | 106,377 |

The Group's trading terms with its customers are mainly on credit generally up to 180 days (31 December 2025: 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:

| | **At 30 June 2026 RMB'000 (Unaudited)** | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Within 3 months | **125,427** | 97,260 |
| 3 to 6 months | **–** | – |
| 6 months to 1 year | **–** | 4,928 |
| 1 to 2 years | **3,674** | 4,189 |
| | **129,101** | 106,377 |

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.

## 13. TRADE RECEIVABLES (Continued)

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

| | Current | Within 1 year past due | 1 to 2 years past due | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At 30 June 2026 (Unaudited)** | | | | |
| Weighted average expected loss rate (%) | **0.0%** | **5.0%** | **10.0%** | **0.3%** |
| Gross Amount | **125,072** | **374** | **4,082** | **129,528** |
| Loss allowance | **—** | **(19)** | **(408)** | **(427)** |
| Net amount | **125,072** | **355** | **3,674** | **129,101** |
| At 31 December 2025 (Audited) | | | | |
| 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 | 94,200 | 7,988 | 4,189 | 106,377 |

The Group does not hold any collateral over trade receivables at 30 June 2026 and 31 December 2025.

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | **At 30 June 2026 RMB'000 (Unaudited)** | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Advances to suppliers (Note) | **132,486** | 101,047 |
| Value-added tax recoverables | **522** | 665 |
| Prepayments | **296** | 827 |
| Tender deposits to customers | **752** | 604 |
| Security deposits in respect of sales contract with customers | **1,832** | 4,704 |
| Consideration receivables from disposal of a subsidiary (Note 20(a)) | **4,000** | — |
| Others | **3,464** | 2,147 |
| | **143,352** | 109,994 |

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.

## 15. TRADE AND BILLS PAYABLES

| | Notes | **At 30 June 2026 RMB'000 (Unaudited)** | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|---|
| Trade payables to third parties | | **242,243** | 147,422 |
| Trade payables to an associate | | **163** | 2,062 |
| | 15(a) | **242,406** | 149,484 |
| Bills payables | 15(b) | **21,057** | 6,950 |
| | | **263,463** | 156,434 |

## 15. TRADE AND BILLS PAYABLES (Continued)

### 15(a) Trade payables

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

| | At 30 June 2026 RMB'000 (Unaudited) | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Within 3 months | **238,730** | 141,350 |
| 3 to 6 months | **230** | 3,934 |
| 6 months to 1 year | **312** | 187 |
| 1 to 2 years | **16** | 753 |
| Over 2 years | **3,118** | 3,260 |
| | **242,406** | 149,484 |

The trade payables to third parties are non-interest bearing. The payment terms with suppliers are normally on credit ranging from 90 to 180 days (31 December 2025: 90 to 180 days) from the time when goods are received from suppliers.

The trade payables to an associate are unsecured, interest-free and will be settled in accordance with a credit period of 30 days (31 December 2025: 30 days) granted to the Group.

### 15(b) Bills payables

At 30 June 2026, the bills payables were interest-free, guaranteed by banks in Chinese Mainland, had maturities of less than six months and secured by restricted deposits of approximately RMB21,057,000 (31 December 2025: approximately RMB6,950,000).

## 16. BORROWINGS

| | At 30 June 2026 | | | At 31 December 2025 | | |
|---|---|---|---|---|---|---|
| | **Effective interest rate (%)** | **Maturity (year)** | **RMB'000 (Unaudited)** | Effective interest rate (%) | Maturity (year) | RMB'000 (Audited) |
| **Bank loans** | | | | | | |
| Secured (Note (i)) | **3.33%–3.87%** | **2026–2028** | **293,650** | 3.04%–3.97% | 2026–2027 | 272,620 |
| **Other loans** | | | | | | |
| Unsecured (Note (ii)) | **–** | **–** | **–** | 5.00% | 2026 | 30,739 |
| | | | **293,650** | | | 303,359 |

| Borrowings are repayable as follows: | **RMB'000 (Unaudited)** | RMB'000 (Audited) |
|---|---|---|
| On demand or within one year | **192,650** | 217,359 |
| One to two years | **101,000** | 86,000 |
| | **293,650** | 303,359 |

Notes:

(i) The bank loans were collectively secured by:

(a) pledge of certain property, plant and equipment amounting to approximately RMB118,803,000 (31 December 2025: approximately RMB112,258,000) at 30 June 2026;

(b) pledge of right-of-use assets amounting to approximately RMB65,209,000 (31 December 2025: approximately RMB66,176,000) at 30 June 2026, and;

(c) pledge of a patent of the Group at 30 June 2026, which was not qualified for capitalisation of intangible assets.

(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 and from employees of approximately RMB29,674,000, which are unsecured, bear a fixed interest rate of 5% per annum and are repayable within one year. The other loans were fully repaid during the six months ended 30 June 2026.

## 17. COMMITMENTS

### Capital commitments

The Group had the following capital commitments for acquisition of property, plant and equipment at the end of the reporting period:

| | At 30 June 2026 RMB'000 (Unaudited) | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Contracted, but not provided for, net of deposits paid (if any) | **256** | 22 |

## 18. RELATED PARTY TRANSACTIONS

### (a) Significant related party transactions

During the six months ended 30 June 2026 and 2025, the Group had the following significant transactions with related parties:

| | Six months ended 30 June | |
|---|---|---|
| | 2026 RMB'000 (Unaudited) | 2025 RMB'000 (Unaudited) |
| Interest on other loans paid to directors and other members of key management of the Company | **21** | 26 |
| Repayment of other loan from directors and other members of key management of the Company | **1,065** | – |
| Repayment of interest on other loans to directors and other members of key management of the Company | **102** | – |
| Sales made to an associate, Hunan Shengli Xianggang Steel Pipe Co., Ltd ("**Hunan Shengli Steel Pipe**") | **677** | – |
| Purchase made from an associate, Hunan Shengli Steel Pipe | **82,789** | 104,466 |

## 18. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant related party balances

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

| | At 30 June 2026 RMB'000 (Unaudited) | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|
| Other loans from directors and other members of key management of the Company | – | 1,065 |
| Interest payable on other loans from directors and other members of key management of the Company | – | 81 |
| Trade receivable from Hunan Shengli Steel Pipe | – | 596 |
| Trade payable to Hunan Shengli Steel Pipe | **163** | 2,062 |

### (c) Key management compensation

The remuneration of directors and other key management members for the reporting period is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | 2026 RMB'000 (Unaudited) | 2025 RMB'000 (Unaudited) |
| Directors' fees | **873** | 913 |
| Salaries, wages, allowances and other benefits in kind | **1,958** | 2,177 |
| Retirement benefit scheme contributions | **191** | 191 |
| | **3,022** | 3,281 |

## 19. LITIGATION

浙江勝管實業有限公司 (Zhejiang Shengguan Industrial Co., Ltd.*) ("**Zhejiang Shengguan**") and 山東勝利鋼管有限公司 (Shandong Shengli Steel Pipe Co., Ltd.*) ("**Shandong Shengli**"), 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*) in relation to a litigation ("**Litigation**") brought by 甘肅科耀電力有限公司 (Gansu Keyao Electric Power Co., Ltd*) (the "**Plaintiff**") against, among others, (a) 杭州晗月新能源有限公司 (Hangzhou Hanyue New Energy Co., Ltd.*) ("**Hangzhou Hanyue**"), one of the shareholders of Xinfeng Energy and an independent third party of the Group, (b) Zhejiang Shengguan and (c) Shandong Shengli 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 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 of RMB81,420,000 (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 shall be liable for supplementary compensation for Zhejiang Shengguan as the Unpaid Capital in Xinfeng Energy was transferred by Zhejiang Shengguan to Hangzhou Hanyue.

### 19. LITIGATION (Continued)

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 is not liable for the repayment of relevant amount as Shandong Shengli is independent from Zhejiang Shengguan in terms of property.

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*) has rejected the Appeal on 31 July 2025 and upheld the Judgement to be final and conclusive.

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

During the year ended 31 December 2025, compensation expenses of approximately RMB18,956,000, representing the Outstanding Sum and the default interest accrued up to 31 December 2025, has been recognised in the profit or loss.

During the six months ended 30 June 2026, compensation expenses of approximately RMB331,000, representing the default interest accrued from 1 January 2026 to the date of completion of Zhejiang Disposal (as defined in Note 20(a)), has been further recognised in the profit or loss as the Group did not make any repayment during the six months ended 30 June 2026.

Following the Zhejiang Disposal, the compensation payables for a litigation (included in liabilities associated with assets classified held for sale) of approximately RMB19,287,000, representing the Outstanding Sum and the default interest accrued up to date of disposal of Zhejiang Shengguan, have been derecognised accordingly. Details of disposal of Zhejiang Shengguan are set out in Note 20 to this report.

* The English name is for identification only.

## 20. DISPOSAL OF A SUBSIDIARY

### (a) Details of disposal of a subsidiary

In August 2025, the Company has publicly announced that the Group intended to dispose of all of its equity interests in Zhejiang Shengguan, which is principally engaged in investment holdings, by way of a public tender (the "**Intended Disposal**"). After the failure in identifying bidders through the public tender, the Group was in process of searching for potential buyers. Details of the Intended Disposal are disclosed in the Company's announcements dated 11 August 2025, 27 August 2025 and 9 September 2025.

On 17 March 2026, Shandong Shengli, an indirectly wholly-owned subsidiary of the Group, entered a sale and purchase agreement with an independent third party (the "**Acquirer**"), pursuant to which, Shandong Shengli agreed to sell all of its equity interests in Zhejiang Shengguan to the Acquirer at a cash consideration of approximately RMB14,700,000 (the "**Consideration**") (the "**Zhejiang Disposal**").

The Consideration of the Zhejiang Disposal would be settled in the following manners:

(i) approximately RMB6,000,000 was received from the Acquirer in cash as the first installment of the Consideration; and

(ii) upon the completion of the Zhejiang Disposal, approximately RMB4,000,000 and RMB4,700,000 (collectively referred to "**Consideration receivables**") would be settled in cash on or before 31 December 2026 and 31 December 2027, respectively.

The Consideration receivables are guaranteed by independent third parties.

The Zhejiang Disposal was completed on 20 April 2026 (the "**Date of disposal**"). The following table summarises the details of Zhejiang Disposal at the Date of disposal:

| | RMB'000<br>(Unaudited) |
|---|---|
| **Net assets disposed of:** | |
| Equity Investment — Designated FVOCI (Note 12) | 32,971 |
| Prepayments, deposits and other receivables | 14 |
| Compensation payable for a litigation (Note 19) | (19,287) |
| Other payables and accruals | (236) |
| **Net assets upon disposal** | 13,462 |
| Non-controlling interests | (269) |
| Consideration | (14,700) |
| **Gain on disposal of a subsidiary** | (1,507) |
| **Net cash inflows from the Zhejiang Disposal** | |
| Consideration received | 6,000 |

## 20. DISPOSAL OF A SUBSIDIARY (Continued)

### (b) Assets classified held for sale and liabilities associated with assets classified as held for sale

At 31 December 2025, 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:

| | At 31 December 2025 RMB'000 (Audited) |
|---|---|
| **Assets** | |
| Equity Investment — Designated FVOCI (Note 12) | 32,971 |
| Prepayments, deposits and other receivables | 19 |
| **Assets classified as held for sale** | 32,990 |
| **Liabilities associated with assets classified as held for sale** | |
| Compensation payable for a litigation (Note 19) | 18,956 |
| **Net assets of Zhejiang Shengguan** | 14,034 |