2026 Interim Report

PETRO-KING OILFIELD SERVICES LIMITED

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 2178

CONTENTS

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Mr. Xin Junhe (辛俊和)
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STOCK CODE

2178

BUSINESS REVIEW

During 1H2026, the Group was principally engaged in the provision of production enhancement services, drilling services, consultancy services for oilfields and gas fields, with auxiliary activities in the trading of oilfield and gas field related products.

In 1H2026, the Group's revenue decreased by approximately 56.8% from approximately HK$111.3 million in 1H2025 to approximately HK$48.1 million in 1H2026. The decrease in revenue was mainly due to the decrease in the provision of production enhancement services in Southwestern China as a customer has postponed the production enhancement works of certain shale gas fields to the second half of 2026 in accordance with its internal extraction plan.

The Group's net loss and loss attributable to owners of the Company for 1H2026 were approximately HK$34.6 million and HK$35.3 million, respectively, which represented increases of approximately HK$23.1 million and HK$23.5 million, respectively (1H2025: approximately HK$11.5 million and HK$11.8 million, respectively). The increases in net loss and loss attributable to owners of the Company were mainly attributable to the decrease in the Group's revenue in 1H2026.

Basic loss per share attributable to owners of the Company for 1H2026 was approximately HK2.05 cents (1H2025: approximately HK0.68 cent). The Board has resolved not to pay any interim dividend for 1H2026 (1H2025: Nil).

GEOGRAPHICAL MARKET ANALYSIS

	1H2026 **(*HK$ million*)**	1H2025 (*HK$ million*)	Approximate percentage change (%)	**Approximate percentage of total revenue in 1H2026 (%)**	Approximate percentage of total revenue in 1H2025 (%)
China market	**43.1**	108.9	-60.4	**89.6**	97.8
Overseas markets	**5.0**	2.4	108.3	**10.4**	2.2
Total	**48.1**	111.3	-56.8	**100**	100

The Group's revenue from the China market decreased by approximately HK$65.8 million or approximately 60.4% to approximately HK$43.1 million in 1H2026 from approximately HK$108.9 million in 1H2025. The decrease in revenue from the China market was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

The Group's revenue from the overseas market increased by approximately HK$2.6 million or approximately 108.3% to approximately HK$5.0 million in 1H2026 from approximately HK$2.4 million in 1H2025. Such increase in revenue from the overseas markets was mainly due to the increase in the provision of integrated project management services and production enhancement services in the Middle East region and the increase in the provision of supervisory services in Cameroon.

REVENUE FROM THE CHINA MARKET

	1H2026 ***(HK$ million)***	1H2025 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue from the China market in 1H2026** ***(%)***	Approximate percentage of total revenue from the China market in 1H2025 *(%)*
Southwestern China	**13.7**	73.4	-81.3	**31.8**	67.4
Northern China	**20.2**	21.0	-3.8	**46.9**	19.3
Northwestern China	**7.9**	11.0	-28.2	**18.3**	10.1
Other regions in China	**1.3**	3.5	-62.9	**3.0**	3.2
Total	**43.1**	108.9	-60.4	**100**	100

The Group's revenue from Southwestern China amounted to approximately HK$13.7 million in 1H2026, which decreased by approximately HK$59.7 million or approximately 81.3% from approximately HK$73.4 million in 1H2025. The decrease was mainly due to the decrease in the provision of production enhancement services in this region.

In 1H2026, the Group's revenue from Northern China amounted to approximately HK$20.2 million, which decreased by approximately HK$0.8 million or approximately 3.8% from approximately HK$21.0 million in 1H2025. The decrease was mainly due to the decrease in the provision of production enhancement services, which was partly offset by the increase in the sales of drilling products in this region.

The Group's revenue from Northwestern China amounted to approximately HK$7.9 million in 1H2026, which decreased by approximately HK$3.1 million or approximately 28.2% from approximately HK$11.0 million in 1H2025. The decrease was mainly due to the decrease in the provision of drilling services in this region.

The Group's revenue from other regions in China amounted to approximately HK$1.3 million in 1H2026, which decreased by approximately HK$2.2 million or approximately 62.9% from approximately HK$3.5 million in 1H2025. The decrease in revenue from other regions in China was mainly due to the decrease in the provision of supervisory services and integrated project management services in these regions.

REVENUE FROM THE OVERSEAS MARKETS

	1H2026 ***(HK$ million)***	1H2025 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue from the overseas markets in 1H2026** ***(%)***	Approximate percentage of total revenue from the overseas markets in 1H2025 *(%)*
The Middle East	**3.0**	1.4	114.3	**60.0**	58.3
Others	**2.0**	1.0	100.0	**40.0**	41.7
Total	**5.0**	2.4	108.3	**100**	100

In 1H2026, the Group's revenue from the Middle East amounted to approximately HK$3.0 million, which increased by approximately HK$1.6 million or approximately 114.3% from approximately HK$1.4 million in 1H2025. Such increase in revenue from the Middle East region was mainly due to the increase in the provision of integrated project management services and production enhancement services in this region.

The Group's revenue from other overseas regions amounted to approximately HK$2.0 million in 1H2026, which increased by approximately HK$1.0 million or approximately 100.0% from approximately HK$1.0 million in 1H2025. The increase in revenue from other overseas regions was mainly due to the increase in the provision of supervisory services in Cameroon.

BUSINESS SEGMENT ANALYSIS

	1H2026 ***(HK$ million)***	1H2025 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 1H2026** ***(%)***	Approximate percentage of total revenue in 1H2025 *(%)*
Oilfield project tools and services	**42.5**	105.4	-59.7	**88.4**	94.7
Consultancy services	**5.6**	5.9	-5.1	**11.6**	5.3
Total	**48.1**	111.3	-56.8	**100**	100

In 1H2026, the Group's revenue from oilfield project tools and services amounted to approximately HK$42.5 million, which decreased by approximately HK$62.9 million or approximately 59.7% from approximately HK$105.4 million in 1H2025. The decrease in revenue from this segment was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

The Group's revenue from consultancy services amounted to approximately HK$5.6 million in 1H2026, which decreased by approximately HK$0.3 million or approximately 5.1%, from approximately HK$5.9 million in 1H2025. Such decrease was mainly due to the decrease in supervisory services provided in China, which was partly offset by the increase in the provision of integrated project management services in the Middle East region and the increase in the provision of supervisory services in Cameroon.

Oilfield Projects Tools and Services

	1H2026 ***(HK$ million)***	1H2025 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue from oilfield project tools and services in 1H2026** ***(%)***	Approximate percentage of total revenue from oilfield project tools and services in 1H2025 *(%)*
Production enhancement	**32.5**	93.7	-65.3	**76.5**	88.9
Drilling	**9.8**	10.7	-8.4	**23.0**	10.2
Well completion	**0.2**	1.0	-80.0	**0.5**	0.9
Total	**42.5**	105.4	-59.7	**100**	100

Production Enhancement

In 1H2026, the Group's revenue from production enhancement amounted to approximately HK$32.5 million, which decreased by approximately HK$61.2 million or approximately 65.3% from approximately HK$93.7 million in 1H2025. The decrease was mainly due to the decrease in the provision of production enhancement services in Southwestern China.

Drilling

The Group's revenue from drilling amounted to approximately HK$9.8 million in 1H2026, which decreased by approximately HK$0.9 million or approximately 8.4% from approximately HK$10.7 million in 1H2025. The decrease was mainly due to the decrease in the provision of drilling services in Northwestern China, which was partly offset by the increase in the sales of drilling products in Northern China.

Well Completion

The Group's revenue from well completion amounted to approximately HK$0.2 million in 1H2026, which decreased by approximately HK$0.8 million or approximately 80.0% from approximately HK$1.0 million in 1H2025. The decrease was mainly due to the decrease in the sales of well completion tools in Northwestern China and Northern China. In 1H2026, the Group's revenue from well completion includes commission income of approximately HK$0.2 million (1H2025: HK$0.3 million) arising from facilitating the sales of well completion tools from the Petro-king Energy Technology Co., Ltd. ("**Petro-king Energy**") and its subsidiaries (collectively referred to as the "**Petro-king Energy Group**") to an independent customer. The related gross proceeds of approximately HK$1.5 million (1H2025: HK$2.8 million) were considered as sales amount receivable by the Group on behalf of the Petro-king Energy Group as an agent. The gross proceeds from these sales, which did not represent revenue, represented the price at which products have been sold inclusive of commission income entitled by the Group. Accordingly, such commission income has been recorded by the Group on a net basis.

CUSTOMER ANALYSIS

Customer	**1H2026** *(HK$ million)*	1H2025 *(HK$ million)*	Approximate percentage change *(%)*	**Approximate percentage of total revenue in 1H2026** *(%)*	Approximate percentage of total revenue in 1H2025 *(%)*
Customer 1	**26.8**	26.4	1.5	**55.7**	23.7
Customer 2	**15.1**	81.0	-81.4	**31.4**	72.8
Customer 3	**2.3**	1.4	64.3	**4.8**	1.3
Customer 4	**1.6**	–	N/A	**3.3**	–
Customer 5	**1.1**	1.2	-8.3	**2.3**	1.1
Other customers	**1.2**	1.3	-7.7	**2.5**	1.1
Total	**48.1**	111.3	-56.8	**100**	100

The revenue from Customer 1 amounted to approximately HK$26.8 million in 1H2026, which increased by approximately HK$0.4 million or approximately 1.5% from approximately HK$26.4 million in 1H2025. Such increase was mainly due to the increase in the provision of drilling services in Northwestern China, which was partly offset by the decrease in the provision of production enhancement services in Northern China for this customer. The revenue from Customer 2 amounted to approximately HK$15.1 million in 1H2026, which decreased by approximately HK$65.9 million or approximately 81.4% from approximately HK$81.0 million in 1H2025. Such decrease was mainly due to the decrease in the provision of production enhancement services in Southwestern China as this customer has postponed the production enhancement works of certain shale gas fields to the second half of 2026 in accordance with its internal extraction plan. In addition, the revenue generated from the provision of drilling services to this customer in Northwestern China has also decreased in 1H2026. The revenue from Customer 3 amounted to approximately HK$2.3 million in 1H2026, which increased by approximately HK$0.9 million or approximately 64.3% from approximately HK$1.4 million in 1H2025. Such increase was mainly due to the increase in the provision of integrated project management services to this customer in the Middle East. The revenue from Customer 4 amounted to approximately HK$1.6 million in 1H2026 (1H2025: Nil), which was generated from the sales of drilling products to this customer in Northern China. The revenue from Customer 5 amounted to approximately HK$1.1 million in 1H2026, which decreased by approximately HK$0.1 million or approximately 8.3% from approximately HK$1.2 million in 1H2025. Such decrease was mainly due to the decrease in the provision of supervisory services in other regions in China. The revenue from other customers amounted to approximately HK$1.2 million in 1H2026, which decreased by approximately HK$0.1 million or approximately 7.7% from approximately HK$1.3 million in 1H2025.

HUMAN RESOURCES

The Group believes that our people are the most valuable assets to our business. We have implemented human resources policies and procedures that set out the requirements on compensation, termination, recruitment, promotion, working hours, equal opportunity and other benefits and welfare. We support employees' growth and strive to secure our core expertise through training and development. To equip our frontline staff with the right skillset and knowledge, we arranged for a series of training courses that cover technical updates in drilling and production enhancement technology, blast management, control at wells and environment management. We also worked with external organisations such as unions and consultants to provide training for the specific needs of certain operations. The Group has arranged 64 training sessions of more than 1,615 hours in total and 115 employees have attended these training programs in 1H2026. Besides, the Company has implemented a talents selection system to expand the promotion channel for employees in order to realise a win-win situation for both the Company and employees.

To cope with the development trend of the industry, the Group streamlined the organisation structure and the cost structure of all service lines as well as the supporting departments. The Company paid high attention to talent introduction and has recruited some international experts who are good at market development as well. The total headcount was 177 employees as at 30 June 2026, representing a decrease of approximately 8.3% as compared with that of 193 employees as at 31 December 2025. Such decrease in the number of employees was mainly due to the reduction in headcounts in view of the decrease in the revenue generated by the production enhancement department in 1H2026.

RESEARCH AND DEVELOPMENT

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

In 1H2026, apart from the research and development of oilfield service technologies, the Group has also conducted various studies in the field of geothermal resource development, focusing on areas such as deep geothermal well drilling and completion technologies.

The Group pays great attention to the registration of patents and always encourages application for patents to protect its intellectual property rights. As at 30 June 2026, the Group had 47 utility model patents and 13 innovation patents and was in the process of applying for 20 utility model patents and 5 innovation patents.

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

OUTLOOK

During 1H2026, Brent crude oil price has fluctuated between approximately US$60 to approximately US$120 per barrel. Although the international oil price has been volatile since the outbreak of the Iranian War in early 2026, the Group believes that there will be limited adverse impact on the Group's operation as the majority part of the Group's revenue has been generated from the China Market. Although the revenue of the Group has significantly decreased in 1H2026 as a customer has postponed the production enhancement works of certain shale gas fields to the second half of 2026 in accordance with its internal extraction plan, with the PRC's national policy to ensure energy safety and to encourage shale gas consumption for environmental protection, the Group believes that the market demands for production enhancement services and other oilfield services offered by the Group will remain relatively stable for the second half of 2026 as compared with the corresponding period in 2025.

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

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately HK$48.1 million in 1H2026, which decreased by approximately HK$63.2 million or approximately 56.8% as compared with that of approximately HK$111.3 million in 1H2025. The decrease in revenue was mainly due to the decrease in the provision of production enhancement services in Southwestern China as a customer has postponed the production enhancement works of certain shale gas fields to the second half of 2026 in accordance with its internal extraction plan.

Material Costs

In 1H2026, the Group's material costs were approximately HK$13.0 million, which decreased by approximately 33.3% or approximately HK$6.5 million as compared with that of approximately HK$19.5 million in 1H2025. Material costs accounted for approximately 27.0% of the revenue in 1H2026, which was higher than that of approximately 17.5% in 1H2025. Material costs as a percentage of revenue increased in 1H2026 as certain production enhancement projects have utilized more diesel in 1H2026.

Depreciation of Property, Plant and Equipment

In 1H2026, the depreciation of property, plant and equipment amounted to approximately HK$5.9 million, which decreased by approximately HK$1.9 million or approximately 24.4% as compared with that of approximately HK$7.8 million in 1H2025. Depreciation expense decreased in 1H2026 as certain property, plant and equipment has been fully depreciated in 2025.

Technical Service Fees

In 1H2026, the Group's technical service fees amounted to approximately HK$16.7 million, which decreased by approximately HK$34.8 million or approximately 67.6% from approximately HK$51.5 million in 1H2025. Technical service fees accounted for approximately 34.7% of the revenue in 1H2026, which was lower than that of approximately 46.3% in 1H2025. Technical services fees as a percentage of revenue decreased in 1H2026 as the Group has utilised less technical services from outside service providers in 1H2026 in view of the decrease in revenue in 1H2026.

Other Gains and Losses, net

The Group recorded net other losses of approximately HK$0.2 million in 1H2026, as compared with a net other gains of approximately HK$2.8 million in 1H2025. The decrease in net other gains was mainly due to the decrease in government grant entitled by the Group in 1H2026.

Operating Loss

As a result of the foregoing, the Group recorded an operating loss of approximately HK$25.5 million in 1H2026 (1H2025: HK$4.7 million).

Net Finance Costs

In 1H2026, the Group's net finance costs amounted to approximately HK$3.7 million, which decreased by approximately HK$2.0 million or approximately 35.1% as compared with that of approximately HK$5.7 million in 1H2025. The decrease in net finance costs was mainly due to the repayments of bank and other borrowings in 1H2026.

Share of Results of Associates

In 1H2026, the Group recorded share of loss of associates of approximately HK$5.0 million (1H2025: approximately HK$0.7 million). The balance represented the Group's share of loss of Petro-king Energy Group in 1H2026. The increase in loss of the Petro-king Energy Group in 1H2026 was mainly due to its decrease in revenue and its increase in finance costs in 1H2026. The Group has received dividend income of approximately RMB5.7 million (equivalent to approximately HK$6.6 million) from Petro-king Energy in June 2026. Petro-king Energy has not paid any dividend in 1H2025.

Loss for the Period

As a result of the foregoing, the Group recorded a net loss of approximately HK$34.6 million in 1H2026 as compared with a net loss of approximately HK$11.5 million in 1H2025.

Loss for the Period Attributable to Owners of the Company

As a result of the foregoing, the Group's loss attributable to owners of the Company amounted to approximately HK$35.3 million in 1H2026 as compared with a loss attributable to owners of the Company of approximately HK$11.8 million in 1H2025.

Interests in Associates

As at 30 June 2026, the Group's interests in associates amounted to approximately HK$90.1 million, representing a decrease of approximately HK$8.3 million as compared with that of approximately HK$98.4 million as at 31 December 2025. The decrease was mainly due to the Group's share of loss in the Petro-king Energy Group in 1H2026, the declaration and payment of dividend by Petro-king Energy in 1H2026 and the effect of exchange difference. As at 30 June 2026, the carrying amount of the Group's interest in Petro-king Energy was approximately HK$90.1 million (31 December 2025: HK$98.4 million), which represented approximately 15.2% (31 December 2025: 14.4%) of the Group's total assets. As at 30 June 2026, the Group held approximately 28.56% equity interest in Petro-king Energy (31 December 2025: approximately 28.56%). The Group presently intends to retain its interest in Petro-king Energy for long term investment, but may also consider the needs to partially dispose a portion of its interest in Petro-king Energy depending on the future liquidity requirements of the Group.

Details of the Group's associates as at 30 June 2026 were as follows:

Name of company	Form of business structure	Place of incorporation and business	Approximate percentage of ownership interest	Principal activity
Petro-king Energy	Limited liability company	PRC	28.56%	Research & development of petroleum engineering equipment and repair and maintenance of drilling, well completion equipment and petroleum engineering equipment. Imports, exports, wholesale and deputise petroleum engineering equipment
百勤石油技術（惠州）有限公司 (Petro-king Oil Technology (Huizhou) Co., Ltd.*) ("**Petro-king Technology**")	Limited liability company	PRC	– *(Note)*	Provision of oilfield tools and equipment technology services and research and development in the PRC
Star Petrotech Pte. Ltd. ("**Star Petrotech**")	Limited liability company	Singapore	– *(Note)*	Manufacturing and repairing of other oilfield and gas field machinery and equipment in Singapore
深圳市百勤近海油田服務有限公司 (Shenzhen Petro-king Jinhai Oil Field Services Co., Ltd.*) ("**Petro-king Jinhai**")	Limited liability company	PRC	– *(Note)*	Distribution of and provision of technology services for various equipment including petrochemical, oilfield, safety environmental and telecommunication etc. in the PRC

* English name is for identification only.

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

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

Inventories

As at 30 June 2026, the Group's inventories amounted to approximately HK$11.8 million, which was similar to that of approximately HK$11.5 million as at 31 December 2025. The average turnover days of inventories increased from approximately 78 days in 1H2025 to approximately 162 days in 1H2026. The increase in average inventory turnover days was mainly due to the slowdown in the consumption of materials as a result of the decrease in turnover in 1H2026.

Trade Receivables

As at 30 June 2026, the Group's trade receivables amounted to approximately HK$120.2 million, representing a decrease of approximately HK$21.3 million or approximately 15.1% as compared with that of approximately HK$141.5 million as at 31 December 2025. The average turnover days of trade receivables were approximately 492 days in 1H2026, representing an increase of approximately 203 days as compared with that of approximately 289 days in 1H2025. The increase in average turnover days of trade receivables was mainly due to the decrease in revenue in 1H2026.

Contract Assets

The contract assets primarily relate to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. As at 30 June 2026, the Group's contract assets amounted to approximately HK$136.7 million, representing a decrease of approximately HK$29.5 million or approximately 17.7% as compared with that of approximately HK$166.2 million as at 31 December 2025. The decrease was mainly due to the decrease in unbilled works related to the provision of production enhancement services to certain customers in 1H2026.

Trade Payables

As at 30 June 2026, the Group's trade payables were approximately HK$201.7 million, which decreased by approximately HK$26.7 million or approximately 11.7% as compared with that of approximately HK$228.4 million as at 31 December 2025. The average turnover days of trade payables increased from approximately 500 days in 1H2025 to approximately 1,308 days in 1H2026, representing an increase of approximately 808 days. The increase in the average turnover days of trade payables was mainly resulted from the decrease in material costs and technical service fees incurred in 1H2026.

Liquidity and Capital Resources

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

As at 30 June 2026, the Group had cash and cash equivalents of approximately HK$25.0 million, representing a decrease of approximately HK$19.5 million as compared with that of approximately HK$44.5 million as at 31 December 2025. The cash and cash equivalents were mainly held in RMB and US dollars ("**US$**").

As at 30 June 2026, the Group's bank and other borrowings amounted to approximately HK$124.6 million (31 December 2025: approximately HK$139.5 million), of which approximately 67.2% (31 December 2025: approximately 73.0%) was repayable within one year. As at 30 June 2026, the Group's bank and other borrowings were mainly denominated in Hong Kong dollars and RMB whilst 81.6% (31 December 2025: 84.2%) of such borrowings bore interest at fixed lending rate and 18.4% (31 December 2025: 15.8%) of such borrowings bore interest at floating lending rate.

As at 31 December 2025, bank deposits of approximately RMB28.9 million (equivalent to approximately HK$32.0 million) (the "**Restricted Bank Deposits**") have been frozen by the courts pending the outcome of an appeal in relation to the claims of technical service fees of approximately RMB28.9 million, together with any interest accrued thereon, by a service provider (the "**Plaintiff**") against an indirectly wholly-owned subsidiary of the Company (the "**Defendant**"). On 14 May 2026, the Defendant received a civil ruling issued by the appeal court and pursuant to the appeal ruling, the Defendant shall pay technical service fees in the sum of RMB16,630,019.49, together with any interest accrued thereon to the Plaintiff on or before 24 May 2026. The Defendant has paid the technical service fees together with accrued interest to the Plaintiff on 15 May 2026. On 26 May 2026, the court has issued a civil ruling to the Defendant in relation to the release of the Restricted Bank Deposits and all the Restricted Bank Deposits have been unfrozen on or before 30 June 2026. Further details of the claims and the appeal were set out in the Company's announcements dated 29 January 2024, 12 June 2024, 2 July 2024 and 14 May 2026.

As at 30 June 2026, the Group has pledged certain machineries with carrying values of approximately HK$52.6 million to secure certain instalment loans granted to the Group (31 December 2025: approximately HK$53.9 million). In addition, certain trade receivables of approximately HK$100.3 million (31 December 2025: HK$78.7 million) were pledged to secure certain bank borrowings of the Group as at 30 June 2026.

Gearing ratio

As at 30 June 2026, the Group's gearing ratio (calculated as dividing net debt by total capital) was approximately 35.8% (31 December 2025: approximately 24.2%). Net debt is calculated as total borrowings (including "current and non-current bank and other borrowings" and "current and non-current lease liabilities" as shown in the interim condensed consolidated statement of financial position) less total cash (including "restricted bank deposits" and "cash and cash equivalents" as shown in the interim condensed consolidated statement of financial position). Total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position plus net debt. Such increase in gearing ratio was mainly due to the decrease in total cash of the Group as at 30 June 2026 and the decrease in the equity of the Group mainly resulting from the loss incurred by the Group in 1H2026.

Foreign Exchange Risk

The Group operates in various countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US$ and RMB. The foreign exchange risk mainly arises from the trade and other receivables, contract assets, cash and cash equivalents, trade and other payables, intra-group balance, bank and others borrowings and lease liabilities in foreign currencies. The Group has not used any financial instrument for hedging purpose in 1H2026 (31 December 2025: Nil).

Off-balance Sheet Arrangements

As at 30 June 2026, the Group did not have any off-balance sheet arrangements (31 December 2025: Nil).

Capital Commitment

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

Important Events After the end of Financial Period

On 19 January 2026, the Company entered into a sale agreement with 烟台杰瑞石油裝備技術有限公司 (Yantai Jereh Petroleum Equipment & Technologies Co., Ltd.#) ("**Yantai Jereh**") in relation to the disposal of certain existing fracturing trucks and instrument trucks at an aggregate consideration of RMB85,500,000 (equivalent to approximately HK$95,042,000). On the same date, the Company entered into a purchase agreement with Yantai Jereh in relation to the acquisition of certain new fracturing trucks and instrument sled at an aggregate consideration of RMB124,000,000 (equivalent to approximately HK$137,838,000). Further details of these transactions were set out in the Company's announcement and circular dated 19 January 2026 and 16 February 2026, respectively. These aforementioned transactions were completed in July 2026.

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

Others

Save as disclosed in this report, there have been no material changes in the development or future developments of the business and financial position of the Group since the publication of the annual report of the Company for the year ended 31 December 2025.

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

Save as disclosed in this report, during 1H2026, the Group did not have other significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2026 (31 December 2025: Nil).

CORPORATE GOVERNANCE

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

The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules. During 1H2026, the Company has complied with the CG Code in all applicable aspects.

DIRECTORS' SECURITIES TRANSACTIONS

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirms that all Directors have fully complied with the relevant standards stipulated in the Model Code during 1H2026.

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

During 1H2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Directors has resolved not to declare any interim dividend for 1H2026 (1H2025: Nil).

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

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

The Company

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

Notes:

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

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

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

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

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

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2026, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

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

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

Notes:

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

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

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

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

Save as disclosed above, as at 30 June 2026, the Directors are not aware that there is any party (not being a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

SHARE OPTION SCHEME

The former share option scheme of the Company has expired in February 2023 and therefore no share options can be granted thereunder as at 1 January 2026. On 8 May 2025, the shareholders of the Company have conditionally adopted a new share option scheme (the "**New Share Option Scheme**") which has become unconditional on 23 May 2025 (the "**Adoption Date**"). The New Share Option Scheme is valid and effective for a period of 10 years commencing on the Adoption date. During 1H2026, no share options has been granted under the New Share Option Scheme. The number of share options that can be granted under the New Share Option Scheme was 172,667,468 as at 30 June 2026. Set out below are details of the movements of share options during 1H2026:

Grantee	Date of grant	Exercise price *(HK$)*	Closing price immediately before the date of grant	Options outstanding as at 1 January 2026	Options granted since 1 January 2026	Options exercised since 1 January 2026	Options lapsed/ cancelled since 1 January 2026	Options outstanding as at 30 June 2026	*Notes*
Directors, chief executives and substantial shareholders									
Zhao Jindong	10 January 2023	0.075	0.074	6,000,000	–	–	–	6,000,000	*(1)*
Lin Jingyu	10 January 2023	0.075	0.074	9,500,000	–	–	–	9,500,000	*(1)*
Zhang Dawei	10 January 2023	0.075	0.074	500,000	–	–	–	500,000	*(1)*
Xin Junhe	10 January 2023	0.075	0.074	500,000	–	–	–	500,000	*(1)*
Leung Lin Cheong	10 January 2023	0.075	0.074	500,000	–	–	–	500,000	*(1)*
Employees and senior managements	10 January 2023	0.075	0.074	48,000,000	–	–	–	48,000,000	*(1)*
Total				65,000,000	–	–	–	65,000,000	

Notes:

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

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

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

The number of share options that can be granted under the New Share Option Scheme was 172,667,468 as at 1 January 2026 and 30 June 2026. There was no service provider sublimit set under the New Share Option Scheme.

The number of share that may be issued in respect of options and awards granted under all schemes of the Company during 1H2026 divided by the weighted average number of shares in issue (excluding any treasury shares) for the period was 10%.

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

Hong Kong, 14 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Unaudited Six months ended 30 June	
		2026	2025
	Notes	**HK$'000**	HK$'000
Revenue	*7*	**48,125**	111,266
Other income		**437**	1,011
Operating costs			
Material costs		**(13,037)**	(19,532)
Depreciation of property, plant and equipment		**(5,936)**	(7,764)
Depreciation of right-of-use assets		**(758)**	(895)
Expenses related to short-term leases		**(909)**	(1,163)
Employee benefit expenses		**(15,717)**	(15,681)
Distribution expenses		**(500)**	(688)
Technical service fees		**(16,712)**	(51,477)
Research and development expenses		**(8,521)**	(10,078)
Entertainment and marketing expenses		**(3,692)**	(4,342)
Net (impairment loss)/reversal of impairment on financial assets		**(314)**	919
Net reversal of impairment/(impairment loss) on contract assets		**348**	(50)
Reversal of write-down/(write-down) of inventories to net realisable value		**1,204**	(299)
Other expenses	*8*	**(9,384)**	(8,734)
Other gains and losses, net	*9*	**(157)**	2,777
Operating loss		**(25,523)**	(4,730)
Finance income		**63**	220
Finance costs		**(3,742)**	(5,890)
Finance costs, net	*10*	**(3,679)**	(5,670)
Share of results of associates		**(4,956)**	(720)
Loss before income tax expense		**(34,158)**	(11,120)
Income tax expense	*11*	**(402)**	(412)
Loss for the period		**(34,560)**	(11,532)

		Unaudited Six months ended 30 June	
		2026	2025
	Notes	**HK$'000**	HK$'000
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**8,527**	3,254
Share of other comprehensive income of associates		**945**	(374)
Other comprehensive income for the period, net of tax		**9,472**	2,880
Total comprehensive income for the period		**(25,088)**	(8,652)
Loss for the period attributable to:			
Owners of the Company		**(35,325)**	(11,793)
Non-controlling interests		**765**	261
		(34,560)	(11,532)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(25,853)**	(8,913)
Non-controlling interests		**765**	261
		(25,088)	(8,652)
Loss per share attributable to owners of the Company during the period:			
Loss per share – basic and diluted (HK cent)	*12*	**(2.05)**	(0.68)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	Unaudited 30 June 2026 HK$'000	Audited 31 December 2025 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**107,257**	100,189
Intangible assets		**26,756**	26,756
Right-of-use assets	*15*	**2,758**	3,553
Financial asset at fair value through profit or loss ("**FVTPL**")		**7,380**	7,097
Interests in associates	*21*	**90,086**	98,353
Other receivables and deposits	*16(b)*	**352**	417
		234,589	236,365
Current assets			
Inventories		**11,809**	11,514
Trade receivables	*16(a)*	**120,194**	141,473
Contract assets		**136,665**	166,225
Other receivables and deposits	*16(b)*	**42,450**	40,365
Prepayments	*16(b)*	**20,078**	10,721
Cash and cash equivalents		**24,988**	44,541
Restricted bank deposits		**–**	31,984
		356,184	446,823
Current liabilities			
Trade payables	*17(a)*	**201,701**	228,391
Other payables and accruals	*17(b)*	**71,180**	96,405
Contract liabilities		**400**	493
Lease liabilities		**1,526**	1,510
Bank and other borrowings	*18*	**83,698**	101,897
Financial liabilities at FVTPL		**6,374**	6,129
		364,879	434,825
Net current (liabilities)/assets		**(8,695)**	11,998
Total assets less current liabilities		**225,894**	248,363

	Notes	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current liabilities			
Bank and other borrowings	*18*	**40,862**	37,599
Lease liabilities		**1,330**	2,056
		42,192	39,655
NET ASSETS		**183,702**	208,708
EQUITY			
Capital and reserves			
Share capital	*19*	**2,001,073**	2,001,073
Other reserves		**101,648**	92,094
Accumulated losses		**(1,926,909)**	(1,891,584)
Equity attributable to owners of the Company		**175,812**	201,583
Non-controlling interests		**7,890**	7,125
TOTAL EQUITY		**183,702**	208,708

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Unaudited					
	Attributable to owners of the Company					
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non–controlling interests HK$'000	Total HK$'000
Balance at 1 January 2026	**2,001,073**	**92,094**	**(1,891,584)**	**201,583**	**7,125**	**208,708**
Comprehensive income						
Loss for the period	–	–	(35,325)	(35,325)	765	(34,560)
Other comprehensive income						
– Exchange differences on translation of foreign operations	–	8,527	–	8,527	–	8,527
– Share of other comprehensive income of associates	–	945	–	945	–	945
Total comprehensive income for the period ended 30 June 2026	–	9,472	(35,325)	(25,853)	765	(25,088)
– Recognition of share-based payment *(Note 20)*	–	82	–	82	–	82
Balance at 30 June 2026	**2,001,073**	**101,648**	**(1,926,909)**	**175,812**	**7,890**	**183,702**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Cash flows from operating activities		
Cash generated from operations	**19,567**	11,327
Interest paid	**(3,785)**	(6,773)
Income tax paid	**(402)**	(412)
Net cash generated from operating activities	**15,380**	4,142
Cash flows from investing activities		
Purchases of property, plant and equipment	**(8,092)**	(1,576)
Proceeds from disposal of property, plant and equipment	**–**	13
Prepayments for purchases of property, plant and equipment	**(10,269)**	–
Interest received	**63**	56
Dividends received from associates	**6,576**	–
Advances from/(repayments to) related parties	**233**	(54)
Net cash used in investing activities	**(11,489)**	(1,561)
Cash flows from financing activities		
Proceeds from borrowings	**44,387**	92,177
Repayments of borrowings	**(63,755)**	(94,568)
Principal elements of lease liabilities	**(664)**	(878)
(Repayments to)/advances from related parties	**(13,301)**	348
Net cash used in financing activities	**(33,333)**	(2,921)
Net decrease in cash and cash equivalents	**(29,442)**	(340)
Cash and cash equivalents at beginning of period	**44,541**	15,607
Effect of foreign exchange rates changes	**9,889**	3,565
Cash and cash equivalents at end of period	**24,988**	18,832

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with the International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with IFRS Accounting Standards and any public announcements made by the Group during the interim reporting period.

The Group reported a net loss of approximately HK$34,560,000 during the six months ended 30 June 2026, and as of that date, the Group had net current liabilities of approximately HK$8,695,000 and total current bank and other borrowings of approximately HK$83,698,000, while the Group only had cash and cash equivalents of approximately HK$24,988,000.

2. BASIS OF PREPARATION (Continued)

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

(a) In July 2026, the Group has obtained and drawn down an additional loan facility with an amount of RMB10,000,000 from a bank located in the People's Republic of China (the "**PRC**"). The Group is also actively negotiating with this bank and other banks in the PRC for new loan facilities for its working capital needs for the Group's oilfield and gas field projects in the PRC.

(b) As at 30 June 2026, the Group has unutilised loan facility with an amount of RMB30,000,000 which is granted by a money lending company established in the PRC which is beneficially owned by a shareholder of the Company. Subsequent to 30 June 2026, the Group has not drawn down such loan facility.

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

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

(i) successfully obtaining new loan facilities from the banks located in the PRC to fund the working capital needs of the Group's oilfield and gas field projects in the PRC;

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2025.

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

In the current period, the Group has adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and effective for its accounting year beginning on 1 January 2026.

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

4. ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2025.

5. FAIR VALUE MEASUREMENTS

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5. FAIR VALUE MEASUREMENTS (Continued)

As at 30 June 2026 and 31 December 2025, the financial asset/(liabilities) at fair value through profit or loss are measured at fair value under level 3 valuation method.

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

6. SEASONAL NATURE OF THE BUSINESS

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

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

7. REVENUE AND SEGMENT INFORMATION

The Chief Operating Decision Maker (the "**CODM**") has been identified as the Chief Executive Officer, vice presidents and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

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

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

The Group has two operating segments as follows:

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue

Revenue recognised for the six months ended 30 June 2026 and 2025 are as follows:

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Revenue from contract with customers within the scope of IFRS 15:		
Oilfield project tools and services		
– Production enhancement work	**32,586**	93,721
– Drilling work	**9,754**	10,664
– Well completion work	**150**	991
	42,490	105,376
Consultancy services		
– Integrated project management services	**2,254**	1,692
– Supervisory services	**3,381**	4,198
	5,635	5,890
Total revenue	**48,125**	111,266
Timing of revenue recognition within the scope of IFRS 15:		
– At a point in time	**1,984**	709
– Over time	**46,141**	110,557
	48,125	111,266

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment results

The segment information for the six months ended 30 June 2026 and 2025 are as follows:

	Unaudited		
	Oilfield project tools and services HK$'000	Consultancy services HK$'000	Total HK$'000
Six months ended 30 June 2026			
Revenue from external customers	42,490	5,635	48,125
Inter-segment revenue	–	–	–
Total segment revenue	42,490	5,635	48,125
Segment results	(28,901)	3,576	(25,325)
Net unallocated expenses			(8,833)
Loss before income tax expense			(34,158)
Other information:			
Depreciation of property, plant and equipment	(5,597)	–	(5,597)
Depreciation of right-of-use assets	(656)	–	(656)
Net (impairment loss)/reversal of impairment on financial assets	(328)	14	(314)
Net reversal of impairment loss on contract assets	339	9	348
Reversal of write-down of inventories to net realisable value	1,204	–	1,204
Finance costs	(3,037)	–	(3,037)

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment results (Continued)

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

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment results (Continued)

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

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Segment results	**(25,325)**	(9,249)
Depreciation of property, plant and equipment	**(339)**	(303)
Depreciation of right-of-use assets	**(102)**	(703)
Finance costs	**(705)**	(1,241)
Finance income	**63**	220
Other income	**437**	1,011
Other expenses	**(2,371)**	(2,159)
Other gains and losses, net	**(157)**	2,777
Share of results of associates	**(4,956)**	(720)
Other unallocated corporate expenses	**(703)**	(753)
Consolidated loss before income tax expense	**(34,158)**	(11,120)

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

8. OTHER EXPENSES

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Communication	**203**	199
Professional service fees	**4,688**	3,167
Motor vehicle expenses	**682**	824
Travelling	**2,258**	2,752
Office utilities	**414**	300
Other taxes	**71**	259
Bank charges	**42**	71
Others	**1,542**	1,514
Less: other expenses attributable for research and development	**(516)**	(352)
	9,384	8,734

9. OTHER GAINS AND LOSSES, NET

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Foreign exchange losses, net	**(951)**	(258)
Losses on disposals of property, plant and equipment	**(40)**	(19)
Loss on deemed acquisition of interests in associates	**–**	(2,095)
Government grant	**847**	4,390
Others	**(13)**	759
	(157)	2,777

10. FINANCE COSTS, NET

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Interest income from bank deposits	**13**	56
Interest income from others	**50**	164
Finance income	**63**	220
Interest expenses:		
– Bank and other borrowings	**(3,665)**	(5,858)
– Lease liabilities	**(77)**	(32)
Finance costs	**(3,742)**	(5,890)
Finance costs, net	**(3,679)**	(5,670)

11. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
Current tax	**–**	98
Overseas withholding tax	**402**	314
Income tax expense	**402**	412

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

For the Company's subsidiaries, income tax is provided on the basis of their profits for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purpose. The applicable enterprise income tax rate for the PRC subsidiaries of the Group was 25% for the six months ended 30 June 2026 (six months ended 30 June 2025: 25%), based on the relevant PRC tax laws and regulations, except those subsidiaries that were approved by relevant local tax bureau authorities as a High and New Technological Enterprise, and were entitled to a preferential enterprise income tax rate of 15% (six months ended 30 June 2025: 15%) during the period. In accordance with the two-tiered profits tax regime, Hong Kong profits tax was calculated on 8.25% of the first HK$2,000,000 and 16.5% of the remaining balance of the estimated assessable profits for the six months ended 30 June 2026 (six months ended 30 June 2025: Same).

Overseas withholding tax was calculated at rates ranging from 15% to 35% (six months ended 30 June 2025: 15% to 35%) from the invoiced amount or the deemed profit earned by certain subsidiaries of the Group in accordance with their respective jurisdictions as determined by the relevant overseas authorities.

12. LOSS PER SHARE

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

	Unaudited Six months ended 30 June	
	2026	2025
Loss for the period attributable to owners of the Company (HK$'000)	**(35,325)**	(11,793)
Weighted average number of ordinary shares (Number of shares in thousand)	**1,726,674**	1,726,674
Basic and diluted loss per share (HK cent)	**(2.05)**	(0.68)

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

Diluted loss per share for the six months ended 30 June 2026 was the same as basic loss per share since all potential ordinary shares are anti-dilutive (six months ended 30 June 2025: Same) as the conversion of potential ordinary shares in relation to the share options (six months ended 30 June 2025: share options) has an anti-dilutive effect to the basic loss per share.

13. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the current period (six months ended 30 June 2025: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group has acquired and disposed of property, plant and equipment of approximately HK$8,849,000 (six months ended 30 June 2025: approximately HK$1,576,000) and approximately HK$41,000 (six months ended 30 June 2025: approximately HK$32,000), respectively.

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group has addition to right-of-use assets of approximately HK$153,000 (six months ended 30 June 2025: HK$142,000).

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Trade receivables	**124,328**	145,182
Less: provision for impairment of trade receivables	**(4,134)**	(3,709)
Trade receivables – net	**120,194**	141,473

As at 30 June 2026 and 31 December 2025, ageing analysis of gross trade receivables by invoice date is as follows:

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Up to 3 months	**31,480**	72,140
3 to 6 months	**42,090**	22,462
6 to 12 months	**49,550**	48,140
Over 12 months	**1,208**	2,440
Trade receivables – gross	**124,328**	145,182

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

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

(b) Other receivables, deposits and prepayments

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Other receivables, deposits and prepayments	**97,009**	85,336
Less: provision for impairment of other receivables	**(34,129)**	(33,833)
Other receivables, deposits and prepayments, net	**62,880**	51,503

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Other receivables and deposits:		
Deposits and other receivables – third parties	**19,159**	19,590
Other receivables from related parties *(Note 22(b))*	**261**	28
Value-added tax recoverable	**22,084**	19,844
Rental deposits	**913**	936
Cash advances to staff	**385**	384
	42,802	40,782
Less: Non-current portion		
Rental deposits	**(352)**	(417)
Current portion	**42,450**	40,365
Prepayments:		
Prepayments for materials	**9,809**	10,721
Prepayments for purchases of property, plant and equipment	**10,269**	–
Current portion	**20,078**	10,721

17. TRADE AND OTHER PAYABLES AND ACCRUALS

(a) Trade payables

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Trade payables	**201,701**	228,391

As at 30 June 2026 and 31 December 2025, ageing analysis of trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Up to 3 months	**52,255**	67,288
3 to 6 months	**12,268**	47,847
6 to 12 months	**81,497**	39,107
Over 12 months	**55,681**	74,149
	201,701	228,391

(b) Other payables and accruals

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Other payables – third parties	**44,977**	44,217
Other payables – staff related expenses	**2,196**	4,380
Accrued payroll and welfare	**2,725**	6,575
Accrued technical service fees	**11,095**	16,210
Other payables – related parties *(Note 22(b))*	**6,878**	20,179
Other tax and surcharge payables	**3,048**	4,594
Interest payables	**261**	250
	71,180	96,405

18. BANK AND OTHER BORROWINGS

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Non-current		
Bank borrowings *(Note (a))*	**22,681**	21,865
Other borrowings *(Note (b))*	**18,181**	15,734
	40,862	37,599
Current		
Bank borrowings *(Note (a))*	**67,708**	60,913
Other borrowings *(Note (b))*	**15,990**	40,984
	83,698	101,897
	124,560	139,496

(a) Bank borrowings

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Secured interest-bearing bank borrowings		
Repayable within one year or contain a repayment on demand clause	**67,708**	60,913
	67,708	60,913
Repayable more than one year, but not exceeding two years	**11,283**	177
Repayable more than two years, but not exceeding five years	**11,398**	21,688
	22,681	21,865
	90,389	82,778

18. BANK AND OTHER BORROWINGS (Continued)

(a) Bank borrowings (Continued)

As at 30 June 2026, total banking facilities of approximately HK$90,389,000 (31 December 2025: approximately HK$82,778,000) were granted by banks located in the PRC to subsidiaries of the Company, of which approximately HK$90,389,000 (31 December 2025: approximately HK$82,778,000) have been utilised by the Group during the period. The Group has no undrawn banking facilities as at 30 June 2026 (31 December 2025: Nil). The facilities of which approximately HK$67,524,000 (31 December 2025: approximately HK$60,736,000) are secured by personal guarantee given by a diretor of the Company and secured by trade receivables of the Group of approximately HK$100,296,000 (31 December 2025: approximately HK$78,652,000) and the facilities of approximately HK$11,490,000 (31 December 2025: HK$11,071,000) are secured by personal guarantee given by a director of the Company and approximately HK$11,375,000 (31 December 2025: HK$10,971,000) are secured by personal guarantee given by a director of the Company and secured by corporate guarantee given by a subsidiary of the Company.

(b) Other borrowings

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Non-current		
Instalment loans	**8,181**	15,734
Shareholder's loan	**10,000**	–
	18,181	15,734
Current		
Term loan	**–**	9,300
Instalment loans	**15,990**	15,019
Employees' loans	**–**	5,558
Independent lenders' loans	**–**	1,107
Shareholder's loan	**–**	10,000
	15,990	40,984
	34,171	56,718

19. SHARE CAPITAL

	Unaudited Issued and fully paid	
	Number of shares '000	Amount HK$'000
Ordinary shares with no par:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	**1,726,674**	**2,001,073**

20. SHARE-BASED PAYMENTS

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

On 8 May 2025, the shareholders of the Company has conditionally adopted a new share option scheme (the "**New Share Option Scheme**") which has become unconditional on 23 May 2025. During the six months ended 30 June 2026, no share options has been granted under the New Share Option Scheme.

20. SHARE-BASED PAYMENTS (Continued)

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

	Share options by grant date		
	16 August 2018	**31 May 2019**	**10 January 2023**
Number of ordinary shares issued upon exercise:			
– Directors	–	–	17,000,000
– Employees and senior management	–	–	48,000,000
– Former company secretary	–	–	–
– Former director *(Note)*	–	–	–
Exercise price	HK$0.326	HK$0.1922	HK$0.075
Contractual option term	Seven years	Seven years	Ten years
Expiry date	15 August 2025	30 May 2026	9 January 2033

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

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

Note:

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

20. SHARE-BASED PAYMENTS (Continued)

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

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

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

Note:

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

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

20. SHARE-BASED PAYMENTS (Continued)

Details in the exercise prices and the movement of number of share options outstanding and exercisable during the six months ended 30 June 2026 are as follows:

		Unaudited Number of share options			
	Exercise price per share option	As at 1 January 2026	Granted during the period	Forfeited, lapsed or expired during the period	As at 30 June 2026
Grant date					
10 January 2023	**0.075**	**65,000,000**	**–**	**–**	**65,000,000**
		65,000,000	**–**	**–**	**65,000,000**
Weighted average exercise price (HK$)					
Grant date					
10 January 2023		**0.075**	**–**	**–**	**0.075**

20. SHARE-BASED PAYMENTS (Continued)

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

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

No share options have been exercised by the option holders during the six months ended 30 June 2026 and 2025.

During the six months ended 30 June 2026, share-based payment expense of approximately HK$82,000 (six months ended 30 June 2025: HK$188,000) for the Share Option Scheme was recognised in the interim condensed consolidated statement of comprehensive income.

21. INTERESTS IN ASSOCIATES

	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Share of net assets other than goodwill	**89,981**	98,247
Goodwill	**105**	106
	90,086	98,353
Other receivables from associates *(Note (i))*	**261**	28
Other payables to associates *(Note (ii))*	**6,153**	18,971
Dividend received from associates	**6,576**	–

Notes:

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

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

22. RELATED PARTY TRANSACTIONS

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2026 and 2025, and balances arising from related party transactions as at 30 June 2026 and 31 December 2025.

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

22. RELATED PARTY TRANSACTIONS (Continued)

(a) Key management compensation

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

	Unaudited Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Salaries and other short-term employee benefits	**2,354**	2,280
Share-based payments	**29**	57
	2,383	2,337

(b) Balances with related parties

	Notes	**Unaudited As at 30 June 2026 HK$'000**	Audited As at 31 December 2025 HK$'000
Amounts due from related parties *(Note 16(b))*			
– Associates	*(i)*	**261**	28
Amounts due to related parties *(Note 17(b))*			
– Associates	*(ii)*	**(6,153)**	(18,971)
– Directors	*(iii)*	**(725)**	(1,208)
		(6,878)	(20,179)

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

Notes:

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

(ii) The balances of approximately HK$6,153,000 (31 December 2025: approximately HK$18,189,000) are in trade nature with a credit term of 60 days; and as at 31 December 2025, the balances of approximately HK$782,000 is payable to the associates, which are unsecured, interest-free and repayable on demand.

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

(c) Related party transactions

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

(i) As at 30 June 2026 and 31 December 2025, an indirectly wholly-owned subsidiary of the Company, Petro-king Oil (Shenzhen) Co., Ltd. ("**Petro-king Shenzhen**"), has provided corporate guarantees for certain banking facilities granted to Petro-king Energy which were secured by properties held by Petro-king Energy. As at 30 June 2026, the Group's maximum exposure of the principal amount under the corporate guarantee for banking facilities granted to Petro-king Energy limited to the Petro-king Shenzhen's proportion was approximately RMB17,991,000 (equivalent to approximately HK$20,713,000) (31 December 2025: approximately RMB15,135,000) of which approximately RMB17,991,000 (equivalent to approximately HK$20,713,000) (31 December 2025: approximately RMB15,135,000) was utilised by Petro-king Energy. For the six months ended 30 June 2026, the financial guarantee income was approximately HK$81,000 (six months ended 30 June 2025: approximately HK$66,000) which is charged at 1.0% per annum of the Petro-king Shenzhen's proportion of the utilised amount of banking facilities by Petro-king Energy. In the opinion of the Directors, no provision for the obligation of the Group under corporate guarantees have been made as the banking facilities granted to Petro-king Energy were fully covered by the secured properties.

22. RELATED PARTY TRANSACTIONS (Continued)

(c) Related party transactions (Continued)

(ii) For the six months ended 30 June 2026, the Group had made sales of approximately HK$46,000 (six months ended 30 June 2025: Nil) to associates, no purchases (six months ended 30 June 2025: HK$768,000) from associates and commission income of approximately HK$151,000 (six months ended 30 June 2025: HK$282,000) from associates.

The commission income of approximately HK$151,000 (six months ended 30 June 2025: HK$282,000) from associates was derived from facilitating the sales of well completion tools by the associates to an independent third party. The gross sales proceeds amounting to approximately HK$1,506,000 (six months ended 30 June 2025: HK$2,817,000) are considered as cash collected and receivable on behalf of the associates as an agent, with gross purchases paid on behalf of the third party amounting to approximately HK$1,355,000 (six months ended 30 June 2025: HK$2,535,000). The gross sales proceeds from these sales, which do not represent revenue, represent the price at which products have been sold inclusive of commission fee. The related commission income has been recorded by the Group on net basis.

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

23. LITIGATION

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

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

23. LITIGATION (Continued)

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

On 14 May 2026, the Defendant received a civil ruling issued by the Appeal Court dated 13 May 2026 in relation to the Claim and the Appeal (the "**Appeal Ruling**"). Pursuant to the Appeal Ruling: (i) the Defendant shall pay the technical service fees in the sum of approximately RMB16.6 million, together with any interest accrued thereon since 30 November 2023 to the Plaintiff (instead of the amount of approximately RMB27.3 million and any interest accrued as claimed by the Plaintiff to the Appeal Court) on or before 24 May 2026; (ii) all other claims made by the Plaintiff against the Defendant have been rejected; and (iii) all counterclaims made by the Defendant against the Plaintiff have been rejected.

On 26 May 2026, the Defendant received a civil ruling issued by the Court dated 26 May 2026 in related to the unfrozen of the Restricted Bank Deposits. Pursuant to the civil ruling, certain bank accounts of the Group with aggregate balances of approximately RMB28.9 million have been unfrozen.

Further details of the Claim and the Appeal were set out in the Company's announcements dated 29 January 2024, 12 June 2024, 2 July 2024 and 14 May 2026.

* *For identification purpose only*