



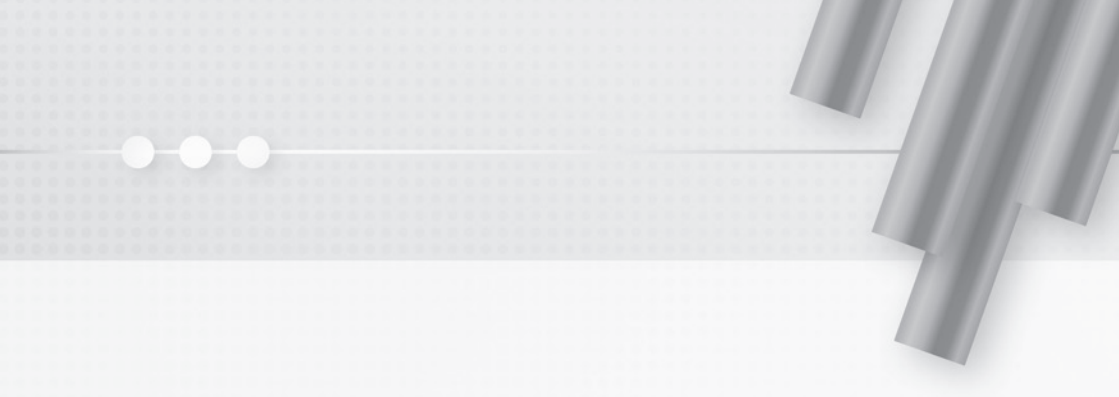
**Chu Kong Petroleum and Natural Gas
Steel Pipe Holdings Limited
珠江石油天然氣鋼管控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1938

2026

INTERIM REPORT





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Corporate Information

Board of Directors

Executive Directors

Mr. CHEN Chang (*Chairman*)
Ms. CHEN Zhao Nian

Independent Non Executive Directors

Mr. AU YEUNG Kwong Wah
Mr. CHEN Ping
Mr. ZHAN Jian Zhou
(resigned on 1 April 2026)
Ms. SUN Dixie Hui
(appointed on 1 April 2026)

Registered Office

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

Company Secretary

Ms. WONG Pui Shan

Audit Committee

Mr. AU YEUNG Kwong Wah (*Chairman*)
Mr. CHEN Ping
Mr. ZHAN Jian Zhou
(resigned on 1 April 2026)
Ms. SUN Dixie Hui
(appointed on 1 April 2026)

Nomination Committee

Mr. CHEN Ping (*Chairman*)
Mr. ZHAN Jian Zhou
(resigned on 1 April 2026)
Ms. SUN Dixie Hui
(appointed on 1 April 2026)
Mr. CHEN Chang

Remuneration Committee

Mr. ZHAN Jian Zhou (*Chairman*)
(resigned on 1 April 2026)
Ms. SUN Dixie Hui (*Chairman*)
(appointed on 1 April 2026)
Mr. CHEN Ping
Mr. CHEN Chang

Authorised Representatives

Mr. CHEN Chang
Ms. CHEN Zhao Nian

Head Office and Principal Place of Business in the PRC

2-5/F., 3-5 Golden Dragon City
Yayun Avenue
511450 Panyu District
Guangzhou City
Guangdong Province
The PRC

Principal Place of Business in Hong Kong

Unit 605-606, 6/F.,
Tower III, Enterprise Square,
No. 9 Sheung Yuet Road,
Kowloon Bay, Kowloon
Hong Kong

Corporate Information

Auditor

CCTH CPA Limited

Stock Code

1938

Company's Website

www.pck.com.cn

Legal Advisers as to Hong Kong Law

Loeb & Loeb LLP

Principal Bankers

Bank of China Limited
Bank of Communications
Bank of Dongguan
Bank of Jiangsu
Bank of Nanjing
Bank SinoPac
China Construction Bank
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Industrial Bank
Postal Savings Bank of China
The Bank of East Asia Limited
The Hongkong and Shanghai Banking
Corporation Limited
Zhuhai Rural Commercial Bank

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court,
Camana Bay
Grand Cayman
KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Management Discussion and Analysis

Financial Review

Overall Financial Results

For the six months ended 30 June 2026 (the “Period”), we recorded a revenue of approximately RMB611.7 million (six months ended 30 June 2025 (“1H2025”): RMB1,389.2 million), representing a decrease of approximately 56.0% as compared with the corresponding period in 2025. Profit attributable to ordinary equity holders of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) was RMB44.2 million (1H2025: RMB171.7 million). Earnings per share for the Period was RMB0.04 (1H2025: RMB0.17). The Board did not recommend the payment of interim dividend for the Period (1H2025: Nil).

Revenue

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

During the Period, we recorded a revenue of approximately RMB611.7 million (1H2025: RMB1,389.2 million), representing a decrease of approximately 56.0% as compared with the corresponding period in 2025. The revenue decrease was due to escalating geopolitical tensions in the Middle East, which affected delay in the delivery of steel pipes during the Period.

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

	Six months ended 30 June			
	2026 RMB'000 (Unaudited)	% to total	2025 RMB'000 (Unaudited)	% to total
Revenue				
Steel pipes	611,178	100.0%	1,262,474	90.9%
Property development and investment	480	0.0%	126,709	9.1%
	611,658	100.0%	1,389,183	100.0%

During the Period, the steel pipe revenue from domestic sales and overseas sales represented approximately 72.0% (1H2025: 23.1%) and approximately 28.0% (1H2025: 76.9%) respectively of our total steel pipe revenue.

Management Discussion and Analysis

Sales by geography — Steel Pipes

	Six months ended 30 June			
	2026		2025	
	RMB'000	% of revenue	RMB'000	% of revenue
	(Unaudited)		(Unaudited)	
Domestic sales	439,792	72.0%	291,072	23.1%
Overseas sales	171,386	28.0%	971,402	76.9%
Total steel pipes and manufacturing services	611,178	100.0%	1,262,474	100.0%

Sales by products — Steel Pipes

	Six months ended 30 June			
	2026		2025	
	RMB'000	% of revenue	RMB'000	% of revenue
	(Unaudited)		(Unaudited)	
Manufacture and sale of steel pipes				
SAWL steel pipes	311,881	51.0%	1,074,126	85.1%
SAWH steel pipes	169,962	27.8%	99,864	7.9%
ERW steel pipes	356	0.1%	111	0.0%
Sub-total	482,199	78.9%	1,174,101	93.0%
Steel pipes manufacturing services				
SAWL steel pipes	56,586	9.3%	10,668	0.9%
SAWH steel pipes	33,198	5.4%	33,218	2.6%
ERW steel pipes	—	—	989	0.0%
Sub-total	89,784	14.7%	44,875	3.5%
Others	39,195	6.4%	43,498	3.5%
Total	611,178	100.0%	1,262,474	100.0%

Management Discussion and Analysis

Steel Pipes

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Sales	611,178	1,262,474
Cost of sales and services	(487,098)	(1,026,667)
Gross profit	124,080	235,807

Gross Profit and Gross Profit Margin — Steel Pipes

During the Period, our gross profit of steel pipes was approximately RMB124.1 million (1H2025: RMB235.8 million), representing a decrease of approximately 47.4% as compared with the corresponding period in 2025. The overall gross profit margin was approximately 20.3%, which was higher than that for the same period in 2025 which was approximately 18.7%.

Property development and investment

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Property sales:		
Sales	—	126,229
Cost of sales	—	(107,128)
Gross profit	—	19,101
Rental income	480	480
Total revenue	480	126,709

Management Discussion and Analysis

Revenue generated from the property development and investment segment mainly comprises sales of property of GDC-Phase II and rental income from shops in Phase I of GDC. Revenue under property development and investment was nil during the Period as compared with RMB126.2 million during the corresponding period in 2025. Rental income during the period in both 2026 and 2025 was the same.

Cost of sales primarily represents the costs we incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct costs of construction and the costs of obtaining land use rights. Cost of sales was nil during the corresponding period in 2026 compared with RMB107.1 million during the corresponding period in 2025.

Gross profit of property sales was nil during the corresponding period in 2026 compared with RMB19.1 million during the corresponding period in 2025.

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

Other income and gains for the Period were approximately RMB22.7 million (1H2025: RMB135.8 million), representing a decrease of approximately 83.3% as compared with the corresponding period in 2025. Such decrease was mainly due to the gain of disposal of a subsidiary and the write-off of the principal and interest portions of fixed rate bonds and notes in 2025 while no such gains were recorded in 2026. In addition, decrease in other income and gain was due to decrease in subsidy income.

Selling and distribution expenses for the Period were approximately RMB16.2 million (1H2025: RMB21.7 million), representing a decrease of approximately 25.3% as compared with the corresponding period in 2025. The decrease in selling and distribution expenses was due to the decrease in commission and consultant fees.

Administrative expenses for the Period were approximately RMB100.2 million (1H2025: RMB139.3 million), representing a decrease of approximately 28.1% as compared with the corresponding period in 2025. The decrease in administrative expenses was mainly due to the decrease in research and development expenses.

Finance costs for the Period were approximately RMB37.0 million (1H2025: RMB54.6 million), representing a decrease of approximately 32.2% as compared with the corresponding period in 2025. The decrease in finance costs was mainly due to decrease in average interest rate during the Period.

The Group recorded other expenses of approximately RMB13.2 million for the Period (1H2025: RMB6.1 million), representing an increase of approximately 116.9% as compared with the corresponding period in 2025. The increase was due to increase in compensation during the Period.

Management Discussion and Analysis

The Group recorded exchange loss of approximately RMB1.6 million during the Period as compared to exchange gain of approximately RMB5.6 million during the corresponding period in 2025. The exchange loss was mainly due to the depreciation of USD against RMB.

Income tax credit of approximately RMB65.1 million were recorded for the Period (1H2025: income tax expenses of RMB3.4 million). Income tax credit was due to overprovision of corporate income tax in prior years.

As a result of the above, the net profit attributable to ordinary equity holders of the Company was approximately RMB44.2 million (1H2025: RMB171.7 million). Earnings per share for the Period was RMB0.04 (1H2025: RMB0.17).

Business Review

Steel pipe business

We mainly manufacture and sell welded steel pipes and provide welded steel pipes manufacturing services. Our welded steel pipe products can be broadly categorised into SAWL steel pipes, SAWH steel pipes and ERW steel pipes. We are one of the largest SAWL steel pipes manufacturers in the PRC and are capable of manufacturing SAWL steel pipes that meet the X100 standard. We also hold 19 international quality certifications accredited by renowned certification bodies, such as Det Norske Veritas (“DNV”) and American Petroleum Institute (“API”). In addition, we are the first and only PRC manufacturer that has successfully developed deep sea welded pipes for use at a water depth of 3,500 m. Our products are widely used in major oil and gas pipeline projects (both onshore and offshore) and infrastructure projects domestically and internationally.

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

During the Period, we received new orders of approximately 189,000 tonnes of steel pipes. We delivered approximately 163,000 tonnes of welded steel pipes during the Period.

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

Management Discussion and Analysis

Property development

Apart from the steel pipe manufacturing business, the Group also engaged in property development and investment. Following the conversion of a land in Panyu, PRC in 2013, the Group grasped the opportunity of asset appreciation to convert the land use right of the Panyu production plant from industrial use to commercial use. The property project, named Golden Dragon City Fortune Plaza (金龍城財富廣場), is a large scale integrated commercial complex of offices, shops, apartments and villas. The land area of the converted land accounted for approximately 25% of the total land area of our factory in Panyu. The total permitted construction area of the land (including underground construction area) is approximately 550,000 m².

Below is a summary information of GDC:

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

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

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

Future Plan and Prospects

The occasional fluctuations in geopolitical risks and trade barriers and climate change have exacerbated uncertainty in the global energy market and posed challenges to the Group's international trade. The Group expects that 2026 is a challenging year for the oil and natural gas industry. In the medium and long term, it is expected that the oil and natural gas industry will continue to be supported due to the combined effects of the insufficient oil and natural gas pipeline facilities, and China's emphasis on energy security and the promotion of clean energy.

Management Discussion and Analysis

For a long time, oil and natural gas have always been the overriding primary energy in the global energy consumption structure, and China is no exception. In recent years, the output of crude oil and natural gas has continued to increase. China's crude oil and natural gas production reached new highs: crude oil output reached approximately 215 million tons, while natural gas production exceeded 260 billion cubic meters, marking the ninth consecutive year of an annual increase of over 10 billion cubic meters. Domestic crude oil production had returned to the 200-million-ton threshold, and natural gas output had risen rapidly, reflecting the results of increased government investment in exploration and technological breakthroughs. Experts from the China National Petroleum Corporation noted that China continues to intensify its efforts in oil and gas exploration and development, while technological innovation is also driving the sector to "expand towards the macroscopic extremes, delve into the microscopic depths, advance under extreme conditions, and strengthen in comprehensive interdisciplinary fields". This growth in production signifies the continued expansion of upstream oil and gas field infrastructure and gathering and transportation pipeline networks. With the commissioning of new oil and gas fields, there is a need to construct new oil pipelines, long-distance natural gas transmission lines, and gathering and transportation pipeline networks, which will directly generate substantial demand for steel line pipes. The total length of the country's main oil and gas trunk pipelines has exceeded 100,000 kilometers, and the primary natural gas pipeline transmission capacity has increased from 260 billion cubic meters per year to 412 billion cubic meters per year. Furthermore, the National Development and Reform Commission has explicitly stated that during the "15th Five-Year Plan period", over 700,000 kilometers of underground pipeline networks will be constructed or upgraded across the country, generating additional investment demand exceeding RMB5 trillion. Among this, pipe materials, as a core construction material, account for 30% to 40% of the total project investment. The potential market size in the pipe material sector is projected to reach RMB1.5 trillion to RMB2 trillion. The Group stands to benefit from the construction of oil and gas pipelines.

Management Discussion and Analysis

On the international market front, despite the ongoing global energy transition, mainstream energy institutions widely predict that oil and natural gas will maintain strong demand for many years to come, particularly against the backdrop of continued industrialization and population growth in emerging markets. Organization of the Petroleum Exporting Countries (OPEC), in its World Oil Outlook, asserts that global oil demand will peak around 2030 at approximately 113 million barrels per day before stabilizing. While demand in high-income countries declines, transportation, petrochemical and industrial energy needs in non-OECD nations, particularly in Asia, the Middle East and Africa, are expected to rise. To support this trend, OPEC emphasizes that the global upstream oil and gas sector still requires annual investments of about US\$500 to US\$600 billion to ensure supply chain stability. BP, in its Energy Outlook, has revised its peak oil demand forecast to a later date, projecting that demand will continue growing until around 2030, when it is expected to peak at approximately 103 million barrels per day, due to slower-than- anticipated improvements in energy efficiency. Should global efforts in energy conservation and emissions reduction proceed at a sluggish pace, BP even suggests that oil demand could rise to about 106 million barrels per day by 2035. The International Energy Agency (IEA), in its World Energy Outlook, notes that under current policy scenarios, global oil and natural gas demand may continue growing until 2050. In particular, by 2050, global oil demand is projected to reach 113 million barrels per day, representing an increase of approximately 13% compared to 2024 levels. Global natural gas demand will reach 5.6 trillion cubic meters, reflecting a 30% rise from 2024 levels. The Group holds multiple internationally recognized certifications and boasts a long- standing track record of overseas operations, which will undoubtedly position us to capitalize on these emerging opportunities.

Management Discussion and Analysis

Global investment and development in deepwater oil and gas have continued to heat up. Global investment in offshore oil and gas exploration and development has grown for four consecutive years, reaching approximately US\$209.6 billion, with an average annual growth rate of 11%. Deepwater oil and gas have become the main driver of new conventional reserves, accounting for about 80% of the world's newly discovered conventional reserves. Major deepwater discoveries and development projects have emerged intensively across the globe. Among them, China's deep-sea oil and gas development has achieved leapfrog progress in recent years, entering a period of harvest. The "Deep Sea No. 1" gas field, which commenced production, marked a pioneering milestone in China's independent development of ultra-deepwater resources. China's first deepwater high-pressure gas field, "Deep Sea No. 1" Phase II (Lingshui 25 1 Gas Field), was completed and put into operation, marking a breakthrough in solving the world-class challenge of developing deepwater high-temperature, high-pressure oil and gas reservoirs. CNOOC also announced the discovery of the Lingshui 36-1 large gas field in the ultra-deepwater area of the eastern South China Sea, with proven geological reserves exceeding 100 billion cubic meters. This marks a critical step toward China's goal of establishing a "Trillion Cubic Meter Gas Region in the South China Sea". The total length of China's subsea oil and gas pipelines had exceeded 10,000 kilometers, indicating that China's subsea pipeline engineering technology and equipment capabilities have risen to the forefront of the world. Furthermore, the Chinese government work report included "deep-sea technology" as a national strategic focus for the first time, listing it alongside commercial aerospace and the low-altitude economy as emerging industries to be accelerated. The report emphasized the need to carry out large-scale demonstrations of new technologies, products and applications, and promote the safe and healthy development of emerging industries such as deep-sea technology. Elevating deep-sea technology as a strategic direction will help integrate national research and industrial resources and address weaknesses in the industrial chain. Currently, China has initially established a comprehensive industrial chain layout covering deep-sea exploration, resource development, equipment manufacturing and ecological protection. Policy support is expected to drive the accelerated development of related industrial chains, including deep-sea oil and gas equipment, deep-sea oil and gas field exploration and development, and offshore platform construction. As the only company in China to have achieved the research, development and industrialization of welded pipes for ultra-deepwater oil and gas transportation at depths of 3,500 meters, the Group stands to benefit from the construction of subsea oil and gas pipelines.

Management Discussion and Analysis

In order to achieve the “dual carbon” strategic goal of “achieving peak carbon dioxide emission before 2030 and carbon neutrality before 2060”, China indicates that ecology-focused green and low carbon development will become the leading strategy in the future. In the medium to long term, natural gas will become the focus of energy development, while oil and gas companies will also actively develop and explore clean energy, such as hydrogen, wind power and hydro-power. With the industrialization of hydrogen energy, there will be significant potential demand for specialized steel pipes (such as hydrogen embrittlement-resistant longitudinal seam welded pipes). China achieved a milestone breakthrough in hydrogen pipeline construction. The Kangbao — Caofeidian long-distance hydrogen pipeline officially commenced construction. Spanning approximately 1,037.8 kilometers with a large diameter of 813 millimeters and a high pressure of 7.2 megapascals, it is currently the highest-pressure and largest-capacity pure hydrogen pipeline under construction globally. Additionally, the 1,132-kilometer hydrogen transmission demonstration project from Ulanqab in Inner Mongolia to the Beijing — Tianjin — Hebei region has passed safety evaluations, and the first batch of submerged arc welded longitudinal seam pure hydrogen pipelines has been completed. Demand for hydrogen and carbon capture, utilization and storage (CCUS) pipelines is poised to grow. Studies indicate that to achieve the carbon neutrality goal by 2060, China’s carbon capture capacity must increase from the current 4 million tons per year to 2.1–2.5 billion tons per year. This implies that within the next decade, China needs to construct tens of thousands of kilometers of carbon dioxide transportation pipelines. Currently, CCUS projects in the Daqing Oilfield, Jilin Oilfield and Qilu Petrochemical have entered operational or feasibility study stages. Furthermore, the construction of a series of wind power and offshore platforms is expected to be accelerated. The continuous growth in offshore wind power installations and the commercialization of floating platforms will drive demand for large-diameter welded pipes used in offshore wind power pile foundations, jacket structures and towers. For the first time, the Government Work Report listed “deep-sea technology” as a strategic emerging industry, accelerating the expansion of offshore wind power into ultra-deepwater areas beyond 300 meters. The Group has successfully trial-produced marine photovoltaic, carbon dioxide and hydrogen transportation pipes. The Group also participated in a marine photovoltaic bidding project, aiming to meet the demand for green and low-carbon products. Leveraging our technical expertise and proven track record, we are committed to jointly achieving the “dual carbon” strategic goal of “carbon neutrality”.

Management Discussion and Analysis

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

Employees

As at 30 June 2026, we had 824 full time employees in total (as at 31 December 2025: 846). To retain our employees, we provide competitive remuneration package including salaries, medical insurance, discretionary bonuses, other benefits as well as mandatory retirement benefit schemes for employees in their respective countries.

Exchange Risk Exposure

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

Interim Dividend

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil) to the shareholders of the Company.

Financial Guarantee

As at 30 June 2026, the Group guaranteed RMB8.5 million (as at 31 December 2025: RMB12.4 million) to certain purchasers of the Group's properties for mortgage facilities.

Management Discussion and Analysis

Pledge of Assets

As at 30 June 2026, we pledged the following assets to secure bank loans and other borrowings granted to the Group:

- (i) certain property, plant and equipment with an aggregate net book value of RMB630.1 million (as at 31 December 2025: RMB640.7 million);
- (ii) leasehold lands with an aggregate net book value of RMB445.5 million (as at 31 December 2025: RMB451.8 million); and
- (iii) completed properties held for sale with an aggregate net book value of RMB840.9 million (as at 31 December 2025: RMB840.4 million).

Liquidity and Financial Resources

As at 30 June 2026, our cash and bank balances and current ratio, as a ratio of current assets to current liabilities, were approximately RMB58.0 million (as at 31 December 2025: RMB21.5 million) and 0.89 (as at 31 December 2025: 0.92) respectively.

As at 30 June 2026, our aggregate borrowings were approximately RMB1,784.3 million (as at 31 December 2025: approximately RMB1,714.6 million), of which approximately RMB1,783.6 million (as at 31 December 2025: RMB1,714.6 million) were bank loans and other borrowings, and approximately RMB0.7 million (as at 31 December 2025: RMB0.03 million) were lease liabilities.

Included in the aggregate borrowings as at 30 June 2026 were property development loans of around RMB701.1 million. Excluding the above loans, the loans for our steel pipe business as at 30 June 2026 were around RMB1,083.2 million. We have to finance our working capital by short term borrowings as most of the cost of sales is incurred on the procurement of steel plates and steel coils. Once we receive sales proceeds from our customers, we will repay the short term borrowings.

The gearing ratio, expressed as a percentage of the summation of interest bearing borrowings and bonds over total assets was approximately 28.9% as at 30 June 2026 (as at 31 December 2025: 29.0%).

The maturity profile of our total borrowings as at 30 June 2026 was approximately 76% (as at 31 December 2025: 60%) of the total borrowings repayable within one year, and approximately 24% (as at 31 December 2025: 40%) of the total borrowings repayable over one year.

Management Discussion and Analysis

As at 30 June 2026, approximately 79% (as at 31 December 2025: 85%) of our total borrowings were denominated in RMB which carried interest rates linked to the benchmark lending rate published by the People's Bank of China, approximately 14% (as at 31 December 2025: 15%) of our total borrowings were denominated in RMB which carried fixed interest rate and approximately 7% (as at 31 December 2025: 0%) of our total borrowings were denominated in USD and HKD which carried fixed interest rate.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Event after the Reporting Period

As at the date of this report, there is no significant event subsequent to 30 June 2026 which would materially affect the Group's operating and financial performance.

Other Information

Directors' Interests in Competing Business

As at the date of this report, none of the directors of the Company (the "Directors") are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with our businesses.

Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2026, the interests or short positions of the Directors and chief executive of the Company in the shares or underlying shares or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571) (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 have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Shares of the Company

Name of Director	Capacity	Position	Number of shares held	Percentage of shareholding in the Company
Chen Chang	Interest of controlled corporation (note 1)	Long	701,911,000	69.42%
	Beneficial owner	Long	4,350,000	0.43%

Note:

1. These shares are held by Bournam Profits Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Chen Chang. By virtue of the SFO, Mr. Chen is deemed to be interested in the 701,911,000 shares held by Bournam Profits Limited.

Other Information

Shares of Associated Corporation

Mr. Chen Chang beneficially owns the entire issued share capital of Bournam Profits Limited. Bournam Profits Limited is the beneficial owner of about 69.42% of the issued shares of the Company.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at 30 June 2026, so far as the Directors are aware, save as disclosed above, the persons or corporations (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

Name of shareholder	Capacity	Position	Number of shares	Approximately percentage of voting power
Bournam Profits Limited	Beneficial owner (note)	Long	701,911,000	69.42%

Note:

The entire share capital of Bournam Profits Limited is solely and beneficially owned by Mr. Chen Chang. Mr. Chen is deemed under the SFO to be interested in the 701,911,000 shares held by Bournam Profits Limited.

Share Option Scheme

We adopted a share option scheme on 18 June 2020. The purpose of the aforementioned scheme is to provide incentives to eligible participants who contribute to the growth of the Group. Eligible participants of the aforementioned scheme include, without limitation, employees, Directors and any other eligible persons as defined in the scheme. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option scheme of the Group (if any) must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the Share Option Scheme (i.e. not exceeding 101,114,200 shares). As at 30 June 2026, no share option has been granted or agreed to be granted to any person under the scheme.

Other Information

As at 1 January 2026, 30 June 2026 and the date of this report, the total number of shares available for issue under the Share Option Scheme was 101,114,200, 101,114,200 and 101,114,200 respectively, which represented approximately 10%, 10% and 10% of the total issued share capital of the Company at such dates respectively. The remaining life of the Share Option Scheme as at 30 June 2026 was approximately 4 years.

Corporate Governance

Save as disclosed below, the Company has complied with all the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2026.

CG Code C.2.1

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

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

Compliance with Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules. Following specific enquiries having been made of all Directors, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2026.

Other Information

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2026.

Audit Committee

The Company's audit committee (the "Audit Committee") comprises Mr. Au Yeung Kwong Wah (Chairman), Mr. Chen Ping, Mr. Zhan Jian Zhou (resigned on 1 April 2026) and Ms. Sun Dixie Hui (appointed on 1 April 2026), who are the independent non-executive Directors of the Company.

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2026.

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

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	5	611,658	1,389,183
Cost of sales and services		(487,098)	(1,133,795)
Gross profit		124,560	255,388
Other income and gains	5	22,673	135,755
Selling and distribution expenses		(16,191)	(21,668)
Administrative expenses		(100,193)	(139,276)
Exchange (loss)/gain, net		(1,621)	5,587
Other expenses, net	6	(13,159)	(6,067)
Finance costs	7	(37,004)	(54,586)
(LOSS)/PROFIT BEFORE TAX	8	(20,935)	175,133
Income tax credit/(expense)	9	65,092	(3,386)
PROFIT FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY		44,157	171,747
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	11	RMB0.04	RMB0.17

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	44,157	171,747
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	7,185	42,650
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	7,185	42,650
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into the presentation currency	(3,951)	(1,605)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(3,951)	(1,605)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	3,234	41,045
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY	47,391	212,792

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	As at 30 June 2026 (Unaudited) RMB'000	As at 31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,747,773	1,782,804
Investment properties	13	347,000	347,000
Right-of-use assets		561,458	572,945
Long term prepayments and deposits		45,922	52,246
Total non-current assets		2,702,153	2,754,995
CURRENT ASSETS			
Completed properties held for sale		1,702,293	1,701,124
Inventories	14	433,594	430,681
Trade and bills receivables	15	576,808	471,458
Prepayments, other receivables and other assets	16	690,837	536,207
Pledged and restricted bank balances		1,915	4,704
Cash and bank equivalents		58,035	21,453
Total current assets		3,463,482	3,165,627
CURRENT LIABILITIES			
Trade and bills payables	17	1,056,539	1,039,078
Other payables and accruals		733,514	710,616
Contract liabilities		349,892	180,943
Interest-bearing bank and other borrowings	18	1,360,013	1,036,732
Due to a director	22	52,134	53,340
Tax payable		310,434	388,114
Provision		44,830	44,830
Government grants		4,374	4,374
Total current liabilities		3,911,730	3,458,027

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2026

	Notes	As at 30 June 2026 (Unaudited) RMB'000	As at 31 December 2025 (Audited) RMB'000
NET CURRENT LIABILITIES		(448,248)	(292,400)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,253,905	2,462,595
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	424,326	677,855
Deferred tax liabilities		157,840	157,840
Government grants		129,315	131,867
Total non-current liabilities		711,481	967,562
Net assets		1,542,424	1,495,033
EQUITY			
Equity attributable to owners of the Company			
Issued capital	19	88,856	88,856
Reserves	20	1,453,568	1,406,177
Total equity		1,542,424	1,495,033

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

For the six months ended 30 June 2026

	Attributable to owners of the Company								Total RMB'000
	Issued capital RMB'000 (note 19)	Share premium* RMB'000	Asset revaluation reserve* RMB'000	Contributed surplus* RMB'000	Capital reserve* RMB'000 (note (a))	Statutory reserve fund* RMB'000 (note (b))	Accumulated profits* RMB'000	Exchange fluctuation reserve* RMB'000	
At 1 January 2026 (audited)	88,856	—	612,661	224,589	48,229	273,471	338,536	(91,309)	1,495,033
Profit for the period	—	—	—	—	—	—	44,157	—	44,157
Other comprehensive income/ (loss) for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	7,185	7,185
Exchange differences related to the translation of the Company's financial statements into the presentation currency	—	—	—	—	—	—	—	(3,951)	(3,951)
Total comprehensive income for the period	—	—	—	—	—	—	44,157	3,234	47,391
At 30 June 2026 (unaudited)	88,856	—	612,661	224,589	48,229	273,471	382,693	(88,075)	1,542,424

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2026

For the six months ended 30 June 2025

	Attributable to owners of the Company								Total RMB'000
	Issued capital RMB'000 (note 19)	Share premium* RMB'000	Asset revaluation reserve* RMB'000	Contributed surplus* RMB'000	Capital reserve* RMB'000 (note (a))	Statutory reserve fund* RMB'000 (note (b))	Accumulated losses* RMB'000	Exchange fluctuation reserve* RMB'000	
At 1 January 2025 (audited)	88,856	767,097	612,661	224,589	48,229	273,471	(674,873)	(100,899)	1,239,131
Profit for the period	—	—	—	—	—	—	171,747	—	171,747
Other comprehensive income/ (loss) for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	42,650	42,650
Exchange differences related to the translation of the Company's financial statements into the presentation currency	—	—	—	—	—	—	—	(1,605)	(1,605)
Total comprehensive income for the period	—	—	—	—	—	—	171,747	41,045	212,792
At 30 June 2025 (unaudited)	88,856	767,097	612,661	224,589	48,229	273,471	(503,126)	(59,854)	1,451,923

* These reserve accounts comprise the consolidated reserves of approximately RMB1,453,568,000 (30 June 2025: RMB1,363,067,000) in the interim condensed consolidated statement of financial position as at 30 June 2026.

Notes:

- (a) Capital reserve represents the excess capital paid over the registered capital of Panyu Chu Kong Steel Pipe Co., Ltd. ("PCKSP") by Lessonstart Enterprises Limited.
- (b) In accordance with the Company Law of the People's Republic of China (the "PRC"), the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of each entity's registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 25% of the registered capital after such usage.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(20,935)	175,133
Adjustments for:		
Finance costs	37,004	54,586
Loss/(gain) on disposal of property, plant and equipment	1,193	(1,160)
Gain on disposal of right-of-use assets	(5,773)	—
Bank interest income	(55)	(94)
Subsidy income from the PRC government	(1,946)	(3,074)
Depreciation of property, plant and equipment	36,200	32,441
Depreciation of right-of-use assets	7,995	7,585
Reversal of impairment of other receivables	(4,637)	—
Written off principal portion of fixed rate bonds and notes	—	(6,451)
Written off interest portion of fixed rate bonds and notes	—	(13,760)
Gain on disposal of a subsidiary	—	(78,665)
	49,046	166,541
(Increase)/decrease in inventories	(2,913)	437,793
(Increase)/decrease in completed properties held for sale	(1,169)	104,240
Increase in trade and bills receivables	(105,350)	(137,261)
Increase in prepayments, other receivables and other assets	(144,823)	(103,200)
Decrease/(increase) in pledged and restricted bank balances	2,789	(44,699)
Increase/(decrease) in trade and bills payables	17,461	(37,615)
Increase/(decrease) in contract liabilities, other payables and accruals	192,083	(207,133)
	7,124	178,666
Cash generated from operations	7,124	178,666
Interest received	55	94
Interest paid	(21)	(20)
Corporate income tax paid	(12,824)	(23,291)
	(5,666)	155,449
Net cash flows (used in)/from operating activities	(5,666)	155,449

Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,701)	(10,976)
Receipt of government grants	548	330
Proceeds from disposal of property, plant and equipment	1,339	1,326
Proceeds from disposal of right-of-use assets	10,307	—
Proceeds from disposal of a subsidiary	—	300
Net cash flows from/(used in) investing activities	8,493	(9,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans and other borrowings	543,382	463,641
Repayment of bank loans and other borrowings	(474,271)	(574,439)
Repayment of bonds and notes	—	(55,404)
Interest paid	(36,983)	(54,566)
Principal portion of lease payments	(232)	(251)
(Decrease)/increase in an amount due to a director	(1,206)	19,138
Net cash flows from/(used) in financing activities	30,690	(201,881)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	33,517	(55,452)
Effect of foreign exchange rate changes, net	3,065	46,727
Cash and cash equivalents at 1 January	21,453	53,323
CASH AND CASH EQUIVALENTS AT 30 JUNE	58,035	44,598

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

1. Corporate Information

Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 9 January 2008 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Unit 605–606, 6th Floor, Tower III, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company and its subsidiaries (together, the “Group”) are involved in the manufacture and sale of seam welded steel pipes and the provision of related manufacturing services and property development and investment. There were no significant changes in the nature of the Group’s principal activities during the six months ended 30 June 2026 (the “Period”).

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

2. Basis of Preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2025.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

2. Basis of Preparation (Continued)

Going concern basis

As at 30 June 2026, the Group maintained cash and cash equivalents of approximately RMB58,035,000 and recorded net current liabilities of approximately RMB448,248,000. In view of these circumstances, the directors of the Company have considered the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

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

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

As at 30 June 2026, the Group is expected to have sufficient financial support to pay off debts in the next 12 months, so the interim condensed consolidated financial statements are prepared on the basis of going concern.

Subsequent to 30 June 2026 and up to the date of this report, the Group obtained the new loan amounted to RMB212,150,000, renewed the existing loan amounted to RMB10,000,000 and the renewal of the existing loan amounted to RMB335,630,000 which is due in one year is under negotiation, the Group expects that such loan could be renewed with the related banks upon expiry. The Group continues to actively negotiate with the banks for the renewal of the Group's borrowings when they fall due or obtain additional sources of finance to meet the Group's working capital and financial requirements in the near future. The directors of the Company have evaluated all the relevant facts available to them and are of the opinion that they have a good track record and relationship with the banks and considered that the Group would be able to renew the Group's loans upon expiry.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

2. Basis of Preparation (Continued)

Going concern basis (Continued)

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

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

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

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

3. Changes in Accounting Policies and Disclosures

The accounting policies applied in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the application of the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

3. Changes in Accounting Policies and Disclosures (Continued)

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11
Amendments to IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements

The application of the amendments to IFRS Accounting Standards in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

4. Operating Segment Information

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

- (a) the steel pipes segment engages in the manufacture and sale of seam welded steel pipes and the provision of related manufacturing services; and
- (b) property development and investment segment engages in development of properties for sale and property investment for its rental income potential.

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

4. Operating Segment Information (Continued)

There were no intersegment sales during the six months ended 30 June 2026 and 2025.

Six months ended 30 June 2026 (unaudited)	Steel pipes RMB'000	Property development and investment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	611,178	480	611,658
Segment results:	1,102	(17,749)	(16,647)
<i>Reconciliation:</i>			
Corporate and other unallocated income			—
Corporate and other unallocated expenses			(4,288)
Unallocated finance costs			—
Loss before tax			(20,935)
Other segment information:			
Depreciation and amortisation	(44,195)	—	(44,195)
Capital expenditure*	(4,563)	—	(4,563)
As at 30 June 2026 (unaudited)			
Segment assets:	2,753,047	3,464,702	6,217,749
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(234,917)
Corporate and other unallocated assets			182,803
Total assets			6,165,635
Segment liabilities:	2,655,569	2,134,649	4,790,218
<i>Reconciliation:</i>			
Elimination of intersegment payables			(234,917)
Corporate and other unallocated liabilities			67,910
Total liabilities			4,623,211

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

4. Operating Segment Information (Continued)

Six months ended 30 June 2025 (unaudited)	Steel pipes RMB'000	Property development and investment RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	1,262,474	126,709	1,389,183
Segment results:	164,616	(6,278)	158,338
<i>Reconciliation:</i>			
Corporate and other unallocated income			20,210
Corporate and other unallocated expenses			(3,403)
Unallocated finance costs			(12)
Profit before tax			175,133
Other segment information:			
Depreciation and amortisation	(40,026)	—	(40,026)
Capital expenditure*	(10,976)	—	(10,976)
As at 31 December 2025 (audited)			
Segment assets:	2,832,328	3,168,841	6,001,169
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(263,349)
Corporate and other unallocated assets			182,802
Total assets			5,920,622
Segment liabilities:	2,801,078	1,816,834	4,617,912
<i>Reconciliation:</i>			
Elimination of intersegment payables			(263,349)
Corporate and other unallocated liabilities			71,026
Total liabilities			4,425,589

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

4. Operating Segment Information (Continued)

Information about steel pipe products and services and sales of property

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

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Manufacture and sale of steel pipes:		
SAWL steel pipes	311,881	1,074,126
SAWH steel pipes	169,962	99,864
ERW steel pipes	356	111
Steel pipe manufacturing services:		
SAWL steel pipes	56,586	10,668
SAWH steel pipes	33,198	33,218
ERW steel pipes	—	989
Sale of properties	—	126,229
Others*	39,195	43,498
	611,178	1,388,703
Rental income	480	480
	611,658	1,389,183

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

4. Operating Segment Information (Continued)

Geographical information

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

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Sales to external customers:		
Chinese Mainland	440,272	417,781
Africa	1,031	550,955
Other Asian countries	20,808	157,647
Middle East	98,178	241,608
Europe	31,551	—
South America	19,818	21,192
	611,658	1,389,183

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

Information about major customers

External customers that each contributes over 10% of total revenue of the Group for the six months ended 30 June 2026 and 2025 are as follows:

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Customer A	67,255	N/A*
Customer B	N/A#	548,336

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

- # The revenue from Customer B for the six months ended 30 June 2026 did not contribute over 10% of the total revenue of the Group for that period.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

5. Revenue, Other Income and Gains

Revenue represents the invoiced value of goods sold and services rendered during the year.

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

		Six months ended 30 June	
Notes		2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Revenue from contracts with customers			
Manufacture and sale of seam welded steel pipes and the provision of related manufacturing services		611,178	1,262,474
Sale of properties		—	126,229
		611,178	1,388,703
Revenue from lease contracts			
Rental income		480	480
		611,658	1,389,183
Other income and gains			
Bank interest income		55	94
Subsidy income from the PRC government		1,946	20,849
Gain on disposal of property, plant and equipment		—	1,160
Gain on disposal of right-of-use assets		5,773	—
Written off principal portion of fixed rate bonds and notes		—	6,451
Written off interest portion of fixed rate bonds and notes		—	13,760
Gain on disposal of a subsidiary		—	78,665
Reversal of impairment of other receivables		4,637	—
Others		10,262	14,776
		22,673	135,755

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

5. Revenue, Other Income and Gains (Continued)

Notes:

- (a) The subsidy income represented subsidies granted by the local finance bureaus to certain subsidiaries of the Group, mainly as awards for their products and investment. There are no unfulfilled conditions or contingencies relating to such subsidies.
- (b) The Group entered a settlement deed with the noteholder and had fully redeemed the Settlement Amount and the noteholder had surrendered the entire 2020 Notes and released and discharged the Group from all its obligations pursuant to or under the above transaction documents.
- (c) On 6 January 2025, the Group disposed one of its subsidiaries with net liability of approximately RMB78,365,000 at the consideration of RMB300,000. As a result, the Group recorded a gain on disposal of approximately RMB78,665,000 for the six months ended 30 June 2025.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

5. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers:

(i) Disaggregated revenue information:

Six months ended 30 June 2026 (unaudited)	Steel pipes RMB'000	Property development and investment RMB'000	Total RMB'000
Sales of goods/properties	521,394	—	521,394
Rendering of services	89,784	—	89,784
Total revenue from contracts with customers	611,178	—	611,178
Geographical markets			
Chinese Mainland	439,792	—	439,792
Africa	1,031	—	1,031
Other Asian countries	20,808	—	20,808
Middle East	98,178	—	98,178
Europe	31,551	—	31,551
South America	19,818	—	19,818
Total revenue from contracts with customers	611,178	—	611,178
Timing of revenue recognition			
Goods/properties transferred at a point in time	521,394	—	521,394
Services transferred over time	89,784	—	89,784
Total revenue from contracts with customers	611,178	—	611,178

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

5. Revenue, Other Income and Gains (Continued)

(i) Disaggregated revenue information: (Continued)

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

5. Revenue, Other Income and Gains (Continued)

(i) Disaggregated revenue information: (Continued)

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

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the Period:		
Manufacture and sale of seam welded steel pipes and the provision of related manufacturing services	70,402	239,698
Sale of properties	—	126,229
	70,402	365,927

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

5. Revenue, Other Income and Gains (Continued)

(ii) Performance obligations:

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

Sale of steel pipes

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

Sale of properties

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

Manufacturing services

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

6. Other Expenses, Net

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Compensation	8,782	1,892
Loss on disposal of property, plant and equipment	1,193	—
Others	3,184	4,175
	13,159	6,067

7. Finance Costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Interest on bank and other borrowings (including bonds and notes)	36,645	54,447
Interest on discounted bills	338	119
Interest on lease liabilities	21	20
Total interest expenses	37,004	54,586

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

8. (Loss)/Profit Before Tax

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

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Cost of inventories sold	408,894	982,218
Cost of services provided	78,204	44,449
Cost of properties sold	—	107,128
Depreciation of property, plant and equipment	36,200	32,441
Depreciation of right-of-use assets	7,995	7,585
Loss/(gain) on disposal of property, plant and equipment	1,193	(1,160)
Gain on disposal of right-of-use assets	(5,773)	—
Research and development costs	41,111	62,484

9. Income Tax (Credit)/Expense

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

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

All subsidiaries of the Group operating in Chinese Mainland are taxed in accordance with the Corporate Income Tax Law. There were three types of tax rates during the Period for the Group, including the 25% tax rate, the 15% tax rate for the High and New Technology Enterprise, and the preferential tax rate policy of 5% for small and low-profit enterprises.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

9. Income Tax (Credit)/Expense (Continued)

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

	Six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Current — Chinese Mainland:		
PRC CIT charge for the Period	—	14,152
(Over-)/under-provision of PRC CIT (Note)	(65,092)	466
Deferred tax	—	(11,232)
Total tax (credit)/expense for the Period	(65,092)	3,386

Note:

For the six months ended 30 June 2026, an income tax credit of approximately RMB65.1 million was recognised due to the reversal of prior years' over-provided PRC Corporate Income Tax. The management reassessed the tax liabilities based on the tax settlement reports issued by an independent tax consultant engaged by the Group, and accordingly reversed the excess carrying amount of income tax liabilities.

10. Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

11. Earnings Per Share Attributable to Owners of the Company

The calculation of basic earnings per share is based on the profit for the Period attributable to owners of the Company and the weighted average number of ordinary shares of 1,011,142,000 (30 June 2025: 1,011,142,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

12. Property, Plant and Equipment

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
At beginning of the period/year	1,782,804	1,830,141
Additions	3,701	30,923
Disposals	(2,532)	(8,775)
Depreciation	(36,200)	(68,039)
Write-off	—	(1,446)
At end of the period/year	1,747,773	1,782,804

As at 30 June 2026, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB630,081,000 (31 December 2025: RMB640,677,000) were pledged to secure certain bank loans and other borrowings granted to the Group (note 18).

13. Investment Properties

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Commercial properties in Chinese Mainland		
Carrying amount at beginning of the period/year	347,000	355,000
Net loss from fair value adjustment	—	(8,000)
Carrying amount at end of the period/year	347,000	347,000

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

14. Inventories

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Raw materials	93,637	101,091
Work in progress	136,725	102,947
Finished goods	216,893	240,304
	447,255	444,342
Less: Provision against slow-moving and obsolete inventories	(13,661)	(13,661)
	433,594	430,681

15. Trade and Bills Receivables

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade receivables	693,447	587,558
Less: Impairment allowance	(116,686)	(116,686)
Trade receivables, net	576,761	470,872
Bills receivable	47	586
	576,808	471,458

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

15. Trade and Bills Receivables (Continued)

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 60 days	319,872	235,382
61 to 90 days	12,117	152,507
91 to 180 days	1,237	36,012
181 to 365 days	217,409	33,313
1 to 2 years	24,119	8,212
2 to 3 years	2,007	5,446
	576,761	470,872

16. Prepayments, Other Receivables and Other Assets

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Prepayments	363,236	263,306
Deposits and other receivables	384,287	339,036
Other tax recoverable	15,007	10,195
	762,530	612,537
Less: Impairment allowance	(71,693)	(76,330)
	690,837	536,207

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

17. Trade and Bills Payables

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade payables		
Within 90 days	293,432	398,931
91 to 180 days	206,982	310,136
181 to 365 days	191,236	96,123
1 to 2 years	170,122	85,224
2 to 3 years	77,688	28,503
Over 3 years	115,918	99,000
	1,055,378	1,017,917
Bills payable	1,161	21,161
	1,056,539	1,039,078

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

18. Interest-Bearing Bank and Other Borrowings

	30 June 2026			31 December 2025		
	Effective interest rate %	Maturity	(Unaudited) RMB'000	Effective interest rate %	Maturity	(Audited) RMB'000
Current						
Lease liabilities	5.23	Jun 2027	425	9.13	Jan 2026	27
Bank loans						
— secured	3.50–5.10	Jun 2027	427,050	3.60–5.66	Oct 2026	416,400
— unsecured	2.80–5.10	May 2027	296,462	3.00–5.44	Sept 2026	183,300
Other borrowings						
— secured	5.57–6.80	Aug 2026	13,808	5.57–6.80	Dec 2026	42,533
— unsecured	0–11.20	Jun 2027	218,201	0–11.20	Dec 2026	220,481
Current portion of long term bank loans						
— secured	3.75–4.38	Jun 2027	404,067	3.41–4.90	Dec 2026	173,991
			<u>1,360,013</u>			<u>1,036,732</u>
Non-current						
Lease liabilities	5.23	Jan 2028	244	N/A	N/A	—
Other borrowings						
— secured	5.00–5.50	Sep 2027	7,024	5.50	Sep 2027	20,941
Bank loans						
— secured	3.75–4.38	Dec 2027–Oct 2028	417,058	3.41–4.90	Jun 2027–Oct 2028	656,914
			<u>424,326</u>			<u>677,855</u>
			<u>1,784,339</u>			<u>1,714,587</u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

18. Interest-Bearing Bank and Other Borrowings (Continued)

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	1,127,579	773,691
In the second year	305,058	542,914
In the third to fifth years, inclusive	112,000	114,000
	1,544,637	1,430,605
Other borrowings repayable:		
Within one year	232,009	263,014
In the second year	7,024	20,941
	239,033	283,955
Lease liabilities repayable:		
Within one year	425	27
In the second year	244	—
	669	27
	1,784,339	1,714,587

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

18. Interest-Bearing Bank and Other Borrowings (Continued)

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

- (a) the pledge of certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB630,081,000 (31 December 2025: RMB640,677,000) as at the end of the Period (Note 12);
- (b) the pledge of certain of the Group's leasehold land with a net carrying amount of approximately RMB445,546,000 (31 December 2025: RMB451,811,000) as at the end of the Period; and
- (c) the pledge of certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB840,917,000 (31 December 2025: RMB840,388,000) as at the end of the Period.

Except for the bank loans and other borrowings of RMB130,260,000 (31 December 2025: RMB414,000) as at 30 June 2026, which are denominated in HK\$, the borrowings of the Group are denominated in RMB.

The Group had the following undrawn banking facilities:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Floating rate		
— expiring within one year	571,171	198,920
— expiring beyond one year	798,875	829,095
Total undrawn banking facilities	1,370,046	1,028,015

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

19. Issued Capital

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Authorised:		
10,000,000,000 (31 December 2025: 10,000,000,000) ordinary shares of HK\$0.10 each	878,335	878,335
Issued and fully paid:		
1,011,142,000 (31 December 2025: 1,011,142,000) ordinary shares of HK\$0.10 each	88,856	88,856

No issues, repurchase and repayments of debt and equity securities for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

20. Reserves

Share premium

Pursuant to an ordinary resolution passed by the shareholders at the extraordinary general meeting of the Company on 5 September 2025, all amount standing to the credit of the share premium account was reduced and cancelled and that of the credit arising from the share premium reduction be applied to offset the amount of the accumulated losses of the Company as at 31 December 2024.

21. Commitments

The Group had the following capital commitments at the end of the Period:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Contracted, but not provided for:		
Construction of buildings	45,515	46,879
Construction of plant and machinery	27,662	29,042
	73,177	75,921

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

22. Related Party Transactions

- (a) Balances with a related party:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Due to a director — Mr. Chen Chang	52,134	53,340

The outstanding balance with a director is unsecured, interest-free and repayable on demand.

- (b) Compensation of key management personnel of the Group:

	Six months ended 30 June 2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Salaries, allowances and benefits in kind	1,189	1,639
Retirement benefit scheme contributions	33	31
Total compensation paid to key management personnel	1,222	1,670

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

23. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair value.

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2026 and 31 December 2025 were assessed to be insignificant. The carrying amounts of these financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2026 and 31 December 2025.

Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 30 June 2026 (31 December 2025: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 (31 December 2025: Nil).

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2025: Nil).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2026

23. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable input (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Interest-bearing bank and other borrowings (other than lease liabilities)	—	1,789,464	—	1,789,464

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable input (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	Total (Audited) RMB'000
Interest-bearing bank and other borrowings (other than lease liabilities)	—	1,721,713	—	1,721,713

24. Approval of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved and authorised for issue by the board of Directors on 28 August 2026.