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# 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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board ("**Board**") of directors ("**Directors**") of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (the "**Company**") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 together with the comparative figures for the corresponding period in 2025 as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
*For the six months ended 30 June 2026*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***RMB'000*** | *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) |

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| (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** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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 | | **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 | *16* | **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 | *17* | **1,360,013** | 1,036,732 |
| Due to a director | | **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 |

| | 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 | *17* | **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 | | **88,856** | 88,856 |
| Reserves | | **1,453,568** | 1,406,177 |
| Total equity | | **1,542,424** | 1,495,033 |

# 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.

**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 announcement, 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.

***(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.

| | |
|---|---|
| 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.

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)** |
| *Reconciliation:* | | | |
| 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** |
| *Reconciliation:* | | | |
| 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** |
| *Reconciliation:* | | | |
| Elimination of intersegment payables | | | **(234,917)** |
| Corporate and other unallocated liabilities | | | **67,910** |
| Total liabilities | | | **4,623,211** |

| 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 |
| *Reconciliation:* | | | |
| 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 |
| *Reconciliation:* | | | |
| 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 |
| *Reconciliation:* | | | |
| 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.

**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** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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.

**Geographical information**

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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.

## 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 | |
|---|---|---|---|
| | | **2026** | 2025 |
| | | **(Unaudited)** | (Unaudited) |
| | *Note* | ***RMB'000*** | *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 | *(a)* | **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 | *(b)* | **—** | 6,451 |
| Written off interest portion of fixed rate bonds and notes | *(b)* | **—** | 13,760 |
| Gain on disposal of a subsidiary | *(c)* | **—** | 78,665 |
| Reversal of impairment of other receivables | | **4,637** | — |
| Others | | **10,262** | 14,776 |
| | | **22,673** | 135,755 |

*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.

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** |

| 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 |

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** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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 |

**(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.

## 6. OTHER EXPENSES, NET

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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 |

## 8. (LOSS)/PROFIT BEFORE TAX

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

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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.

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** | 2025 |
| | **(Unaudited)** | (Unaudited) |
| | ***RMB'000*** | *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 amounts 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.

## 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 17).

## 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 |

## 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.

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. 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.

## 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | **30 June 2026** | | | 31 December 2025 | | |
|---|---|---|---|---|---|---|
| | **Effective interest rate** | **Maturity** | **(Unaudited)** | Effective interest rate | Maturity | (Audited) |
| | ***%*** | | ***RMB'000*** | *%* | | *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 |
| | | | **1,360,013** | | | 1,036,732 |
| **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 |
| | | | **424,326** | | | 677,855 |
| | | | **1,784,339** | | | 1,714,587 |

| | 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 |
| Beyond five years | **—** | — |
| | **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 |

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 |

## 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** | | 2025 | |
| | ***RMB'000*** **(Unaudited)** | ***% to total*** | *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.

**Sales by geography — Steel Pipes**

| | Six months ended 30 June | | | |
|---|---|---|---|---|
| | **2026** | | 2025 | |
| | ***RMB'000*** **(Unaudited)** | ***% of revenue*** | *RMB'000* (Unaudited) | *% of revenue* |
| 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*** **(Unaudited)** | ***% of revenue*** | *RMB'000* (Unaudited) | *% of revenue* |
| 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% |

**Steel Pipes**

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

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.

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*

**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 m$^2$.

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$^2$<br>Phase II: 191,000 m$^2$<br>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.

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.

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.

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.

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".

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.

## 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.

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.

## 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.

## 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.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the website of the Stock Exchange at **http://www.hkexnews.hk** and the Company's website at **http://www.pck.com.cn**. The interim report for the six months ended 30 June 2026 of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Stock Exchange in due course.

By Order of the Board
**Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited**
**Chen Chang**
*Chairman*

Hong Kong, 28 August 2026

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chen Chang, and Ms. Chen Zhao Nian; and three independent non-executive Directors, namely Mr. Chen Ping, Mr. Au Yeung Kwong Wah and Ms. Sun Dixie Hui.*