Dalipal Holdings Limited
達力普控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1921)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	
	RMB'million	*RMB'million*	Changes
Revenue	**3,292.3**	3,850.0	(14.5%)
Gross profit	**263.4**	528.2	(50.1%)
Gross profit margin	***8.0%***	*13.7%*	
Profit from operations	**0.5**	241.4	(99.8%)
EBITDA	**140.1**	376.6	(62.8%)
(Loss)/profit before taxation	**(86.3)**	152.4	(156.6%)
(Loss)/profit for the year *(Note 1)*	**(77.1)**	134.5	(157.3%)
Adjusted net (loss)/profit (non-IFRS measure) *(Note 2)*	**(56.8)**	141.9	(140.0%)
Net (loss)/profit margin	***(2.3%)***	*3.5%*	
Adjusted net (loss)/profit margin (non-IFRS measure) *(Note 2)*	***(1.7%)***	*3.7%*	
(Loss)/earnings per share –Basic and diluted (RMB)	**(0.05)**	0.09	(155.6%)

Notes:

1. The Group's operating results in the second half of 2024 continued to improve compared with the first half of the year. For the six months ended 30 June 2024, the Group recorded an unaudited loss of RMB69.7 million for the period. Nevertheless, the Group managed to control its loss in the second half of 2024 and recorded a significantly narrowed loss for such period. Accordingly, the Group recorded a net loss of RMB77.1 million for the year ended 31 December 2024.

2. For more details on the non-IFRS measures, please see the section headed "Non-IFRS Measures" in this announcement.

RESULTS

The Board hereby announce the audited consolidated results of the Group for the Year, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in RMB)

	Note	**2024** *RMB'000*	2023 *RMB'000*
Revenue	3	**3,292,264**	3,850,020
Cost of sales		**(3,028,901)**	(3,321,840)
Gross profit		**263,363**	528,180
Other income	4	**67,320**	45,106
Selling expenses		**(142,273)**	(156,967)
Administrative expenses		**(187,871)**	(174,957)
Profit from operations		**539**	241,362
Finance costs	5(a)	**(86,858)**	(88,994)
(Loss)/profit before taxation	5	**(86,319)**	152,368
Income tax credit/(expenses)	6	**9,253**	(17,845)
(Loss)/profit for the year attributable to equity shareholders of the Company		**(77,066)**	134,523
Other comprehensive income for the year (after tax):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		**(6,572)**	(3,804)
Total comprehensive income for the year attributable to equity shareholders of the Company		**(83,638)**	130,719
(Loss)/earnings per share	7		
Basic (RMB)		**(0.05)**	0.09
Diluted (RMB)		**(0.05)**	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024
(Expressed in RMB)

	Note	**2024**	2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,967,581**	1,781,575
Deferred tax assets		**184**	146
		1,967,765	1,781,721
Current assets			
Inventories		**802,596**	576,105
Trade and bills receivables	8	**1,280,584**	1,270,182
Prepayments, deposits and other receivables		**46,117**	69,798
Cash at bank and on hand		**412,136**	432,589
		2,541,433	2,348,674
Current liabilities			
Trade and bills payables	9	**837,921**	724,571
Other payables and accruals		**123,949**	136,129
Interest-bearing borrowings		**1,515,795**	1,176,235
Lease liabilities		**4,220**	3,680
Current taxation		**–**	5,904
		2,481,885	2,046,519
Net current assets		**59,548**	302,155
Total assets less current liabilities		**2,027,313**	2,083,876
Non-current liabilities			
Interest-bearing borrowings		**696,808**	591,262
Lease liabilities		**388**	4,107
Deferred tax liabilities		**5,654**	16,423
Deferred income		**9,429**	10,986
		712,279	622,778
NET ASSETS		**1,315,034**	1,461,098
CAPITAL AND RESERVES			
Share capital	10(a)	**134,563**	134,518
Reserves		**1,180,471**	1,326,580
TOTAL EQUITY		**1,315,034**	1,461,098

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Dalipal Holdings Limited (the "Company") was incorporated in the Cayman Islands on 28 August 2018 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. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 November 2019 (the "Listing Date"). The Company and its subsidiaries (together, the "Group") are principally engaged in the development, manufacture and sale of oil and gas pipes, new energy pipes and special seamless steel pipes and other products.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The Group's financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in the Group's financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments and investments in equity securities are stated at their fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As at 31 December 2024, the Group's cash and cash equivalents of RMB342,406,000 may not be sufficient to finance its capital expenditure of RMB1,029,861,000 within twelve months after the reporting period, in view of net cash outflow during the year ended 31 December 2024. Under such circumstances, the directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, including:

(i) The Group has obtained long-term project loan to cover most of its capital expenditure. The undrawn balance of the loan was RMB749,000,000 as at 31 December 2024.

(ii) Regarding bank and other borrowings of RMB1,515,795,000, the Group is actively discussing with its banks for renewal of bank borrowings. Based on historical experience, the directors are of the opinion that the Group will be able to either renew or obtain new banking facilities to supplement liquidity of the Group at adequate level during the next twelve months. Up to the date of this announcement, the Group has either renewed or refinanced bank borrowings of RMB447,151,000 subsequent to 31 December 2024; and

(iii) The Group has been developing new customers and new markets, and maintaining strong relationship with current principal customers to generate more operating cash inflows.

In addition to above measures, as at 31 December 2024, the Group has unused credit facility of RMB608,617,000 to meet its potential liquidity needs. The directors are of the opinion that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern as at 31 December 2024. Accordingly, the directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the development, manufacture and sale of oil and gas pipes, new energy pipes and special seamless steel pipes and other products. All of the revenue of the Group is recognised at a point in time. The customers obtain control of the products when they are delivered to and have been accepted at premises determined by the customers. Acceptance notes are generated and revenue is recognised at that point in time.

Disaggregation of revenue from contracts with customers by major products is as follows:

	2024	2023
	RMB'000	*RMB'000*
Sales of oil and gas pipes	**2,196,399**	2,459,943
Sales of new energy pipes and special seamless steel pipes	**1,095,865**	1,331,897
Sales of other products	**–**	58,180
	3,292,264	3,850,020

Revenue from customers with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2024 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**508,400**	396,268
Customer B	*	392,067
Customer C	*	385,915

* Transactions with these customers did not exceed 10% of the Group's revenue in the respective year.

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Oil and gas pipes: this segment includes primarily the manufacture and sale of oil and gas pipes.
- New energy pipes and special seamless steel pipes: this segment includes primarily the manufacture and sale of new energy pipes and special seamless steel pipes.
- Other products: this segment includes primarily the manufacture and sale of other products.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments during normal operations. No inter-segment sales have occurred for the years ended 31 December 2024 and 2023. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income and selling and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	2024			
	Oil and gas pipes *RMB'000*	**New energy pipes and special seamless steel pipes** *RMB'000*	**Other products** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**2,196,399**	**1,095,865**	**–**	**3,292,264**
Reportable segment gross profit	**248,050**	**15,313**	**–**	**263,363**

	2023			
	Oil and gas pipes *RMB'000*	New energy pipes and special seamless steel pipes *RMB'000*	Other products *RMB'000*	Total *RMB'000*
Revenue from external customers	2,459,943	1,331,897	58,180	3,850,020
Reportable segment gross profit	399,825	126,841	1,514	528,180

(ii) Geographic information

The following table set out information about the geographical location of the Group's revenue from external customers. The geographical information about the revenue prepared by location at which the goods were delivered is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Mainland China	**2,913,940**	2,862,847
Overseas:		
The Middle East	**236,750**	560,066
Africa	**72,508**	322,605
Southeast Asia	**2,416**	5,675
Others	**66,650**	98,827
	378,324	987,173
	3,292,264	3,850,020

All of the Group's non-current assets are located in the PRC. Accordingly, no segment analysis based on geographical location of the assets is provided.

4 OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Government grants		
(including amortisation of deferred income)	**31,292**	24,018
Interest income	**3,213**	4,189
Net (loss)/gain on disposal of other property, plant and equipment	**(290)**	58
Net foreign exchange gain	**11,157**	5,727
Net gains on sale of scraps raw materials	**18,728**	9,512
Rental income	**2,978**	2,974
Net loss arising from forward exchange contracts	**–**	(3,739)
Others	**242**	2,367
	67,320	45,106

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on borrowings	**79,645**	80,093
Interest expenses on lease liabilities	**336**	492
Others	**6,877**	8,409
	86,858	88,994

(b) Staff costs#

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**218,107**	206,482
Contributions to defined contribution retirement plan	**14,516**	13,688
Equity-settled share-based payment expenses	**20,311**	7,426
	252,934	227,596

The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong SAR) participate in a defined contribution retirement benefit plan managed by the local government authority. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the defined salaries level in the PRC (excluding Hong Kong SAR), from the above-mentioned retirement plan at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollar ("HK$") 30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	2024 RMB'000	2023 RMB'000
Depreciation expenses#		
– owned property, plant and equipment	**128,980**	125,132
– right-of-use assets	**10,025**	9,733
– Leasehold improvements	**589**	416
Impairment losses recognised/(reversed) on trade receivables *(Note 8(b))*	**548**	(422)
Impairment losses recognised/(reversed) on prepayments and other receivables	**626**	(117)
Auditors' remuneration		
– audit services	**2,100**	2,323
– non-audit services	**1,100**	1,030
Research and development costs	**36,188**	40,397
Cost of inventories#	**3,028,901**	3,321,840

Cost of inventories include RMB241,880,000 (2023: RMB238,961,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 RMB'000	2023 RMB'000
Current taxation:		
– Provision for the year	**1,337**	16,004
– Under/(over)-provision in respect of prior years	**217**	(1,998)
	1,554	14,006
Deferred taxation:		
– Origination and reversal of temporary differences	**(10,807)**	3,839
	(9,253)	17,845

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 *RMB'000*	2023 *RMB'000*
(Loss)/profit before taxation	**(86,319)**	152,368
Expected tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**(16,791)**	38,411
Tax effect on preferential tax rate	**2,978**	(15,574)
Tax effect of non-deductible expenses	**339**	408
Tax losses not recognised as deferred tax assets	**7,616**	1,526
Tax effect on bonus deduction of research and development costs	**(3,612)**	(4,928)
Under/(over)-provision in respect of prior years	**217**	(1,998)
Actual tax expense	**(9,253)**	17,845

Notes:

(i) The Company and the subsidiaries of the Group incorporated in the Cayman Islands and British Virgin Islands (the "BVI") are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(ii) The Company and the Hong Kong incorporated subsidiaries of the Group are subject to Hong Kong Profits Tax, which is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

(iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong SAR) are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2024 (2023: 25%). One of the subsidiaries was qualified as a High and New Technology Enterprise' and is entitled to the preferential tax rate of 15% for the years ended 31 December 2024, 2025 and 2026.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic loss per share for the year ended 31 December 2024 is calculated based on the loss attributable to equity shareholders of the Company of RMB77,066,000 (2023:profit of RMB134,523,000) and the weighted average of 1,466,007,000 (2023:1,470,586,000) ordinary shares in issue during the year.

The calculation of the weighted average number of ordinary shares is as follows:

	2024	2023
	'000	*'000*
Issued ordinary shares at 1 January	**1,502,668**	1,498,468
Effect of shares issued under share option schemes	**138**	1,110
Effect of shares held for share award plans	**(36,799)**	(28,992)
Weighted average number of ordinary shares at 31 December	**1,466,007**	1,470,586

(b) Diluted (loss)/earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2023 is based on the profit attributable to equity shareholders of the Company of RMB134,523,000 and the weighted average number of ordinary shares (diluted) of 1,478,551,000.

The diluted loss per share for the year ended 31 December 2024 has not taken into account the effect of the outstanding share options and shares held for share award plans as its inclusion would have decreased the loss per share, hence anti-dilutive.

8 TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**466,922**	584,533
Less: loss allowance *(Note 8(b))*	**(5,977)**	(5,429)
	460,945	579,104
Bills receivable	**819,639**	691,078
	1,280,584	1,270,182

All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.

The balance of bills receivable represents bank and trade acceptance notes received from customers with maturity dates of less than one year.

(a) Ageing analysis

The ageing analysis of the trade receivables, based on the invoice date and net of loss allowance, of the Group is as follows:

	2024	2023
	RMB'000	*RMB'000*
Less than 1 month	**221,242**	354,972
1 to 3 months	**195,637**	126,563
3 to 6 months	**41,025**	88,731
Over 6 months	**3,041**	8,838
	460,945	579,104

(b) Impairment of trade and bills receivables

The movements in the loss allowance account are as follows:

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**5,429**	5,851
Recognition/(reversal) of credit losses *(Note 5(c))*	**548**	(422)
At 31 December	**5,977**	5,429

(c) Transfer of financial assets

The Group has discounted certain of the bank acceptance notes it received from customers at banks and endorsed certain of the bank acceptance notes it received from customers to its suppliers and other creditors for settlement of the Group's trade and other payables on a full recourse basis. Upon the above discounting or endorsement, the Group has derecognised the bills receivables which in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these notes and has discharged its obligation of the payables to its suppliers and other creditors. These derecognised bank acceptance notes have maturity dates of less than six months from the end of the reporting period. The Group considered the issuing banks of these notes are reputable banks in China and of good credit quality therefore non-settlement of these notes by the issuing banks on maturity is highly unlikely.

The Group's maximum exposure to loss and undiscounted cash outflow should the issuing banks fail to settle the bills on maturity dates is as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Bank acceptance notes	**478,535**	262,332

The analysis of bills receivables discounted at banks or endorsed to suppliers with recourse which were not derecognised as the Group remains to have significant exposure to the credit risk of these bills receivables is as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Bank acceptance notes	**407,627**	233,989
Trade acceptance notes	**144,950**	88,833
	552,577	322,822

(d) At 31 December 2024, trade and bills receivables with an aggregate carrying amount of RMB539,225,000 (2023: RMB404,804,000) have been pledged for the Group's interest-bearing borrowings.

9 TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**819,081**	597,474
Bills payable	**18,840**	127,097
	837,921	724,571

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

The ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Less than 1 month	**615,665**	568,220
1 to 3 months	**151,682**	111,300
3 to 6 months	**36,548**	30,912
Over 6 months	**34,026**	14,139
	837,921	724,571

10 SHARE CAPITAL AND DIVIDENDS

(a) Share capital

	2024		2023	
	Number of shares	**Amount**	Number of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised share capital	**20,000,000**	**2,000,000**	20,000,000	2,000,000

	2024		2023	
	Number of shares	**Amount**	Number of shares	Amount
		RMB'000		*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**1,502,668,000**	**134,518**	1,498,468,000	134,140
Shares issued under share option scheme	**500,000**	**45**	4,200,000	378
At 31 December	**1,503,168,000**	**134,563**	1,502,668,000	134,518

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024	2023
	RMB'000	*RMB'000*
No final dividend proposed after the end of the reporting (2023: HK$0.04)	**–**	54,470

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.04 per ordinary share (2023: HK$0.04)	**54,740**	53,892

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Development of the Group's Industry during the Reporting Period

In 2024, facing the complex and ever-changing domestic and international economic environment, China's economic operation is moving forward steadily, and innovation-driven and high-quality development have become the main theme. Against this background, the development focus of many industries has begun to shift from quantity to quality, from traditional manufacturing to intelligent manufacturing, and from high consumption to low-carbon and green. The special seamless steel pipe for energy industry to which the Group belongs has also faced challenges such as intensified homogeneous competition, market demand differentiation, declining capacity utilisation, and structural transformation and upgrading. Therefore, developing high-value-added, high-tech specialty products and improving the level of intelligent, green, and lean manufacturing have become the direction and consensus of industry development.

During the reporting period, due to the influence of many factors, the Group's industry still lacked endogenous power, resulting in a further imbalance between supply and demand, showing the characteristics of high supply, differentiation of demand structure, continuous price decline, and continuous squeeze on benefits. From the supply perspective, the continuous release of new production capacity has led to intensified market competition. Some small and medium-sized enterprises have faced greater operating pressure, while the merger and reorganisation of large enterprises have been accelerated, and the industrial concentration has been further improved. It is expected that the future market will show the coexistence of key enterprises and characteristic enterprises, and the profit differentiation between leading enterprises and small and medium-sized enterprises. From the demand perspective, with the global economic recovery and the advancement of infrastructure construction, driven by the oil, natural gas, chemical and other industries, market demand has increased, but affected by domestic infrastructure and other policy controls, the demand for seamless steel pipes has fluctuated and been generally on a downward trend. According to Mysteel's research and statistics, the output of seamless steel pipes decreased by about 6% and exports decreased by about 5% year-on-year during the reporting period.

At present, China economy has entered into a stage of high-quality development. Driven by domestic supply-side structural reforms and the construction of a strong manufacturing nation initiative, and other strategic policies, industrial structure adjustment, manufacturing transformation and upgrading, and the accelerated development of high-end manufacturing have stimulated the demand for high-end and specialty products. It is expected that the industry in which the Group is located will continue to differentiate. Differentiated specialty enterprises will be able to better cope with market competition and industry challenges by grasping industry development trends and increasing product research and development and technological innovation.

Main Business and Business Model of the Group during the Reporting Period

During the reporting period, the Group's main business was research and development, production, technical services and sales of high-end energy pipes and special seamless steel pipes. The products are widely used in various energy development, mining, transportation and energy equipment manufacturing pipes such as oil, natural gas, shale gas and new energy. Customers include well-known domestic and overseas oil companies, petrochemical companies, mechanical processing and manufacturing companies, geological exploration and coal mining companies, etc. The Company is a nationally recognised high-tech enterprise and a national intellectual property advantage enterprise, and a Hong Kong listed company that focuses on the production of special pipes.

The Group's business model is to "production determinated by sales", combining market pricing and self-pricing, and formulate sales strategies based on value. The R&D end focuses on technology accumulation and self-R&D, and cooperates with well-known domestic universities to continuously strengthen the research on cutting-edge technologies of seamless steel pipes and the development of economical high-end products to meet the needs of customers at different levels. The production end gives full play to the advantages of the full industrial chain, has the ability to quickly transform mass production and small batch, multi-variety refined production, and independently calculates business units to create the core competitiveness of each production line. On the procurement end, the Company's raw materials are scrap steel and various alloys. Through supplier evaluation, in line with the principle of quality first and win-win cooperation, a stable supply channel is formed to ensure procurement quality.

During the reporting period, the Group was committed to "adjusting structure, improving efficiency and reducing costs" to build core competitiveness, expanding the coverage of non-API specialty pipe products, developing economical coal, geological drill pipe materials and high-grade steel boom pipes for engineering machinery, cylinder pipes, perforating gun barrels, acid-resistant pipeline pipes, hydrogen transmission pipes, etc., and has supplied them to well-known domestic and overseas companies, sales of exclusive branded products increased by 38% and sales of non-API speciality products increased by 21% during the reporting period. With the construction of the Company's "High-end Oil Drilling and Energy Equipment Pipe Production Line", the implementation of the "specialised, refined, exceptional and innovative (專、精、特、新)" business strategy will further enhance the Company's differentiated competitive advantage and greatly enhance the competitiveness of its products.

Analysis of Core Competitiveness

During the reporting period, the Group continued to build its core competitive strengths in technology research and development, intelligent manufacturing, green and low-carbon, lean management and talent training:

(1) In terms of technology R&D, the self-designed high-grade steel casing resistant to hydrogen sulfide corrosion was supplied in batches, with stable and reliable performance, and has been widely used in domestic shale gas blocks with high hydrogen sulfide content; the self-designed economical low-Cr oil casing products resistant to carbon dioxide and chloride ion corrosion were supplied to domestic and overseas markets, and strategically expanded domestic and overseas markets due to their good cost effectiveness; the successfully developed heavy oil thermal recovery casing with high-grade steel, excellent high-temperature mechanical properties, The company has enhanced its position in the field of casing for thermal wells; the economical special buckle developed in cooperation with the Pipe Research Institute has completed test evaluation and achieved batch supply, and its performance and reliability have been recognised by customers; the Company has achieved good results in the development of high-corrosion-resistant materials, high-precision mechanical pipe rolling process research and high-purity special alloy smelting technology breakthroughs in cooperation with well-known domestic universities, and has successfully used them in the production of the Company's double-high products; it has carried out in-depth research and development of steel pipes for hydrogen storage and transportation pipelines, participated in the compilation of the "Steel Pipes for Hydrogen Storage and Transportation Pipelines" standard, and participated in the revision and review of various industry standards, which has enhanced the Company's industry status and its role in technology leadership.

(2) In terms of intelligent manufacturing, the large-scale intelligent manufacturing equipment introduced in the newly built production lines represents the forefront of industry development and will strongly enhance the core competitiveness of the Company, including: the full-process material tracking system, which can realise the real-time tracking and recording of product production and quality data; digitalised testing equipment, which can build a comprehensive, efficient and accurate testing system to effectively ensure product quality; extensive use of intelligent equipment to replace manual operations, which can realise unmanned operation of most of processes, improve production efficiency, and provide guarantees for the stability and consistency of product quality; process modeling system can ensure that the production process is in the optimal state; intelligent turnover system, which can realise the full automation and intelligent management of product storage and circulation in intermediate processes and finished product storage and shipment, greatly shorten the material turnover time and improve logistics operation efficiency.

(3) In terms of green development, the Company continue to increase R&D investment in green and low-carbon products such as high strength, high toughness, corrosion resistance, long life, energy saving and material saving, and create environmentally friendly products. All 20 steel grades of the Company's products within the scope of the API certificate have passed the green product certification, and the "green content" of product manufacturing has been continuously improved; the Company has once again obtained the China Classification Society certification and passed 5 product carbon footprint evaluation certificates, marking that the Company's green and sustainable development management has reached a new level; the Company's self-developed T4 special buckle product has obtained the first supply chain carbon footprint certification in the Southwest Oil and Gas Field, reflecting customers' recognition of the Company's green development concept. Through strategic cooperation, a green supply chain is created, environmental management is incorporated into the supplier evaluation system, and suppliers are guided to practice the green development concept. In terms of energy conservation and emission reduction, advanced technologies and products such as full oxygen combustion, ultraviolet ray curing coatings, and recycled water recycling are introduced, and energy-saving transformation of hydraulic systems, control and utilisation of industrial water circulation chloride ions, etc., are carried out, effectively achieving energy conservation and carbon reduction goals, and emission indicators such as sulfides, nitrogen oxides, and particulate matter are far lower than the ultra-low emission standards of Hebei Province. The step-by-step implementation of photovoltaic power generation and wind power generation will help the Company transform towards green energy.

(4) In terms of lean operation, the Company combined lean improvement with professional management such as technology R&D management, quality management, site management and safety management, introduced external experts to guide, further promoted site visualisation and 6S cleaning activities, and established a lean improvement system promotion mechanism; encouraged employees to participate in self-improvement management, through an employee technology and management innovation incubation platform, widely solicited innovation proposals, and formed a good innovation atmosphere in the Company; promoted management standardisation work, focused on improving process capabilities, sorted out improvement points from the perspectives of efficiency, quality and equipment, optimised operation processes and operation specifications; continued to promote differentiated design of products and processes, and completed the implementation of a number of cost reduction and efficiency improvement measures.

(5) In terms of talent training, the talent management project takes "cognitive improvement" as the main line and uses the IDP self-improvement plan and key special projects as the implementation tools. It has successively carried out training activities such as Peking University famous teacher classes, mid- and senior-level tutor guidance, reading salons and IDP plan review to enhance deeper cognition of oneself, others and society, and lay a talent foundation for the realisation of the Company's business and strategic goals; launched a technical talent management project, through the three major work tasks of knowledge accumulation, hierarchical empowerment, special projects and learning sharing, extract technical talent knowledge and experience, and empower personnel professionally to build a technical talent team training system; the operation team takes the improvement of team leader capabilities as the main line, and takes the point evaluation of operation employees as the starting point. Through the development of specific businesses such as 6S cleaning, safety level management, quality level management, cost transfer management, equipment management, etc., the management capabilities and management awareness of grassroots managers are gradually improved, thereby improving the execution capabilities of operational staff.

Progress of Middle East Development Strategy

In March 2024, the Group's Board of Directors finalised the Middle East Strategic Development Plan, marking a step forward in the Company's expansion of its business in international markets. During the reporting period, the Group (i) has acquired an industrial investment license issued by the Ministry of Investment of Saudi Arabia for its construction of facilities as well as future investment and financing in Saudi Arabia; (ii) has successfully obtained the company registration certificate issued by the Ministry of Commerce of Saudi Arabia; (iii) has successfully registered its trademarks (graphic and text) with the Saudi Authority of Intellectual Property; (iv) has signed a letter of intent with SPARK, which is a wholly-owned subsidiary of Saudi Aramco, regarding the Group's establishment of production facility; (v) has signed a memorandum of cooperation with MCC Capital Engineering & Research Incorporation Limited in connection with the establishment of the abovementioned production facility; and (vi) has been included in Saudi Aramco's e-marketplace supplier database.

The Company believes that:

1. The Middle East is an important partner of China's "Belt and Road Initiative", and the development in the Middle East is in line with China's national policy. The Middle East is a global hub connecting Asia, Europe and Africa. Strategic development in the Middle East is conducive to obtaining local policy, financing and other support.

2. The Middle East's oil production and reserves are among the highest in the world, and there is a considerable market demand for oil and gas pipes and new energy pipelines. The Middle East is rich in natural energy resources and has absolute advantages in developing green new energy, and there is a huge potential demand for new energy pipelines. Establishing production facilities in the Middle East can better develop overseas markets.

The Company's construction of production facilities in Saudi Arabia will help the Company better serve local customers, provide customers with tailor-made products and services, further enhance the Company's international brand awareness, and be more conducive to the expansion of the Company's products in the international market.

Outlook

The management of the Group believes that although the industry development has shown a complex and changeable situation due to multiple factors during the reporting period, the uncertainty of the economy will exist in the future. However, as macroeconomic policies are gradually implemented and the market establishes new expectations, the demand for seamless steel pipes will be expected to increase under the impetus of multiple industries in 2025, and the industry will pay more attention to sustainable development. The development trend of the industry will be to improve product performance through technological innovation and product research and development to meet the needs of the high-end market; to improve production efficiency and product quality through intelligent manufacturing and digital transformation, and enhance market competitiveness; to achieve green production through environmental protection investment and promote the sustainable development of enterprises; to build a complete supply chain system through industrial chain integration and coordinated development, to achieve complementary advantages and resource sharing, and to enhance overall competitiveness; to reduce dependence on a single market through the expansion of international markets and effectively respond to trade risks.

In 2025, the Group will be firmly committed to the integration of governance, internationalisation of markets and globalisation of capital, adhere to the product strategy advantage of "strengthening one pipe, moderately diversifying, and creating unique leading products", comprehensively focus on the positioning of high-end structural upgrades and expansions, focus on the expansion of non-API specialty products and markets such as sulfur resistance, hydrogen resistance, and carbon dioxide resistance and other corrosion resistance, comprehensively promote the unique leading products that have been created, and actively explore new development directions for the industry, mainly targeting pipelines under special service conditions, hydrogen transmission pipes in the new energy field, boiler pipes in the thermal power field, and antibacterial and corrosion-resistant casing in the oil and gas extraction environment, etc., to create new advantages in new fields; the multi-dimensional and systematic introduction of intelligent equipment has achieved comprehensive intelligent upgrades in the production process, not only achieving results in product quality, production efficiency, logistics and transportation, but also achieving major breakthroughs in the field of environmental protection; the Company has served downstream customer groups with process innovation, technological innovation and green product research and development, established an ecological priority, green and low-carbon development model, and provided support for the green and low-carbon transformation of the entire energy industry. At the same time, the Company have actively led suppliers to practice the ESG concept, resonated with suppliers, and jointly explored the path of green development; the Company will continue to promote overseas oil company certification and increase our share of the international market; the Company have built a management, technology, and operation team that highly identifies with the corporate culture, consciously practices the corporate culture, keeps pace with the Company, and develops sustainably, providing strong support for the overseas market development strategy while achieving steady growth in operating performance.

The Phase Two Expansion has made important progress, and the main factory building has been successfully topped out, which marks the entry of construction into the equipment installation stage and is accelerating towards the goal of production commencement by the end of the year. After the Phase Two Expansion is completed and put into production, the main products will be high-end energy equipment, further expanding and enriching high-pressure boiler pipes, tubing, perforating gun pipes, high-strength boom pipes, oil drill pipes and other types of pipes. It will not only effectively supplement the Company's existing product specifications and the range of product mix in our mechanical products category, and help optimise and upgrade the Company's product structure, but will also become an accelerated pioneer in the development of the same industry towards high-end, intelligent and green directions, and push the Company's high-quality development into the fast lane.

Although the Group still recorded a loss for the Year, the operating conditions in the second half of the Year have improved significantly compared to the first half. At present, although the domestic and international situations are still unclear and affect the seamless steel pipe industry, the Board believes that the Group's operations and overall strategic execution for the year of 2025 have remained steady, and is cautiously optimistic about the overall industry recovery and improvement in 2025.

With steadily advancing our Phase Two Expansion and the Middle East Strategic Development Plan including the construction of production in SPARK and the dual listing or secondary listing on the Saudi Exchange, etc., the Board is confident about the future development.

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue of RMB3,292.3 million for the Year, representing a decrease of 14.5% from RMB3,850.0 million recorded for the year ended 31 December 2023. For the Year, the revenue of oil and gas pipes and new energy pipes and special seamless steel pipes decreased, while other products have not been sold. The following table sets forth the Group's segment revenue both in absolute amount and as a percentage of its revenue for the periods presented:

	For the year ended 31 December 2024		For the year ended 31 December 2023		Changes	
	Sales	**Percentage of Sales**	Sales	Percentage of Sales	Sales	
	RMB million	***%***	*RMB million*	*%*	*RMB million*	*%*
Sale of:						
Oil and gas pipes	**2,196.4**	**66.7**	2,459.9	63.9	(263.5)	(10.7)
New energy pipes and special seamless steel pipes	**1,095.9**	**33.3**	1,331.9	34.6	(236.0)	(17.7)
Other products	**–**	**0.0**	58.2	1.5	(58.2)	(100.0)
Total	**3,292.3**	**100.0**	3,850.0	100.0	(557.7)	(14.5)

When compared with 2023, the Group recorded a decrease in revenue generated by the sale of (i) oil and gas pipes to RMB2,196.4 million for the Year (2023: RMB2,459.9 million), representing a decrease of 10.7%; and (ii) new energy pipes and special seamless steel pipes to RMB1,095.9 million for the Year (2023: RMB1,331.9 million), representing a decrease of 17.7%. In addition, the Group did not record any revenue attributable to sale of other products during the Year (2023: RMB58.2 million).

The decrease in the Group's revenue during the reporting period was mainly due to the slowdown in investment in energy exploration in domestic and overseas markets, which led to an insufficient market demand and a significant decline in both sales volume and sales price. The following table sets forth the geographical distribution of the Group's revenue both in absolute amount and as a percentage of its revenue for the periods presented:

	For the year ended 31 December 2024		For the year ended 31 December 2023		Changes	
	Sales	**Percentage of Sales**	Sales	Percentage of Sales	Sales	
	RMB million	***%***	*RMB million*	*%*	*RMB million*	*%*
Domestic Sales	**2,913.9**	**88.5**	2,862.8	74.4	51.1	1.8
Overseas Sales	**378.4**	**11.5**	987.2	25.6	(608.8)	(61.7)
Total	**3,292.3**	**100.0**	3,850.0	100.0	(557.7)	(14.5)

For the Year, the Group's overseas sales decreased to RMB378.4 million (2023: RMB987.2 million), mainly due to the global economic downturn, reduced investment in new regional development in overseas markets, and increased shipping costs due to regional political instability, resulting in a significant decline in sales volume and sales price. On the other hand, the Group's revenue generated from domestic sales for the Year remained stable with an increment of 1.8% when compared with that in 2023.

Cost of sales

The Group recorded a total cost of sales of RMB3,028.9 million for the Year, representing a decrease of 8.8% as compared to RMB3,321.8 million recorded for the year ended 31 December 2023. Such decrease in the total cost of sales was mainly due to the decrease in sales volume and the decrease in the price of raw materials.

Gross profit and gross profit margin

The Group's total gross profit for the Year was RMB263.4 million, representing a decrease of RMB264.8 million as compared to RMB528.2 million recorded for the year ended 31 December 2023. The Group's overall gross profit margin for the Year was 8.0%, representing a decrease of 5.7 percentage points from 13.7% for the year ended 31 December 2023, mainly due to the intensified economic downturn, the decline in production volume and sales volume, and the significant drop in sales prices. However, the price of raw materials is relatively firm, and the decline in the price of raw materials is much lower than the decline in sales prices.

Other income

For the Year, the Group's other income was RMB67.3 million, representing an increase of RMB22.2 million from RMB45.1 million recorded for the year ended 31 December 2023. Such increase was mainly due to the increase in government grants, by-product income and exchange gains.

Selling expenses

For the Year, the Group's selling expenses were RMB142.3 million, representing a decrease of 9.4% as compared to RMB157.0 million recorded for the year ended 31 December 2023. Such decrease was mainly due to the decrease in freight charges and commission resulting from the decline in sales volume.

Administrative expenses

For the Year, the Group's administrative expenses were RMB187.9 million, representing an increase of 7.4% as compared to RMB175.0 million recorded for the year ended 31 December 2023. Such increase was mainly due to the increase in labor expenses, impairment losses and equity-settled share-based payment expenses.

Finance costs

For the Year, the finance costs of the Group were RMB86.9 million, representing a decrease of 2.4% as compared to RMB89.0 million recorded for the year ended 31 December 2023. Such decrease mainly due to the optimisation of financing structure and the reduction of loan interest rates.

Income tax credit/(expenses)

The Group recorded income tax credit of RMB9.3 million for the Year and income tax expenses of RMB17.8 million for the year ended 31 December 2023, representing a decrease in income tax expenses of RMB27.1 million. Such decrease was mainly due to the decrease in profit.

(Loss)/profit for the year

The Group recorded a loss for the year of RMB77.1 million for the year ended 31 December 2024 whereas it recorded a profit for the year of RMB134.5 million for the year ended 31 December 2023, representing a decrease in profit of RMB211.6 million. Such decrease was mainly due to the decrease in revenue and gross profit for the reasons mentioned above.

Non-IFRS measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net (loss)/profit (non-IFRS measure) and adjusted net (loss)/profit margin (non-IFRS measure) as additional non-IFRS measures, which are not required by, or presented in accordance with, IFRS Accounting Standards.

We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net (loss)/profit (non-IFRS measure) and adjusted net (loss)/profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) and adjusted net (loss)/profit margin (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards:

	2024	2023
	RMB million	*RMB million*
(Loss)/profit for the year	**(77.1)**	134.5
Add:		
–Equity-settled share-based payment expenses	**20.3**	7.4
Adjusted net (loss)/profit (non-IFRS measure)	**(56.8)**	141.9
Adjusted net (loss)/profit margin (non-IFRS measure)	**(1.7%)**	3.7%

Capital expenditure

For the Year, the Group invested RMB327.6 million in property, plant and equipment (2023: RMB86.8 million). The increase in capital expenditure was mainly due to the Group's commencement of the Phase Two Expansion in 2024.

Liquidity, financial resources and capital structure

The Group has mainly financed its working capital and other cash requirements by net cash generated from operating activities and resorted to external financing including both long-term and short-term bank borrowings in case the projected operating cash flow is insufficient to meet the capital requirements.

As at 31 December 2024, cash at bank and on hand amounted to RMB412.1 million (2023: RMB432.6 million) and were mainly denominated in RMB, with certain amount denominated in Hong Kong dollars and US dollars.

As at 31 December 2024, interest-bearing borrowings of the Group amounted to RMB2,212.6 million, among which RMB696.8 million were long-term interest-bearing borrowings and RMB1,515.8 million were short-term interest-bearing borrowings and all were denominated in RMB. As at 31 December 2024, RMB1,898.6 million (31 December 2023: RMB1,580.2 million) of the interest-bearing borrowings of the Group have been charged at fixed interest rates.

Debt to equity ratio of the Group, which is calculated by the net liabilities (interest-bearing borrowings net of cash at bank and on hand) divided by the total equity as at the respective year end and multiplied by 100%, was 136.9% as at 31 December 2024, representing an increase of 45.5 percentage points from 91.4% as at 31 December 2023. Such increase was primarily attributable to an increase in borrowings and a decrease in total equity resulting from the loss for the Year.

Current ratio of the Group, which is calculated based on the current assets divided by the current liabilities, decreased from 1.15 as at 31 December 2023 to 1.02 as at 31 December 2024.

Employees and remuneration policy

As at 31 December 2024, the Group had 1,795 employees (31 December 2023: 1,658 employees) in total, and total staff costs (inclusive of Directors' emoluments) for the Year amounted to RMB252.9 million (2023: RMB227.6 million).

The Group believes its success depends on its employees' provision of consistent, high quality and reliable services. In order to attract, retain and enrich the knowledge, skill level and qualifications of its employees, the Group places a strong emphasis on training for employees. In addition, the Group offers competitive remuneration packages, including basic salary, performance-based bonuses and share incentives, and reviews the remuneration packages annually according to industry benchmark, financial results, as well as the performance of employees. The Company has also adopted Share Option Scheme and Share Award Plans for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who have contributions to the Group.

Pledge of assets

As at 31 December 2024, the Group's property, plant and equipment with carrying amount of RMB1,131.8 million (2023: RMB1,220.8 million) and other chattels with carrying amount of RMB755.9 million (2023: 629.0 million) were pledged as collateral for the Group's bank borrowings.

Foreign exchange risk

The Group mainly operates its business in the PRC and positively expands its overseas business. The Group hedges its exposure to exchange rate fluctuations through forward foreign exchange settlement and it is expected that the Group will not be subject to any materially adverse effects arising from exchange rate fluctuation. Nevertheless, the Group will closely monitor the financial market and would consider appropriate measures as and when necessary.

Significant investments held and material acquisitions and disposals

For the Year, the Group did not hold any significant investments or have any material acquisitions or disposals of subsidiaries, associates or joint ventures of the Company (2023: nil).

Contingent liabilities

As at 31 December 2024, the Group does not have any contingent liabilities (2023: nil).

USE OF PROCEEDS FROM IPO

The Share were listed on the Main Board of the Stock Exchange on 8 November 2019 by way of IPO. The net proceeds after deducting the underwriting commission and other costs and expenses arising from the IPO were approximately HK$426.3 million (approximately RMB383.7 million). As stated in the Prospectus, the Company intended to use the proceeds (i) to fund the Phase Two Expansion; (ii) to strengthen the Group's product research and development and innovation capabilities; (iii) to strengthen the Group's relationships with key customers, expand the Group's customer base and further expand the Group's sales to overseas markets; and (iv) for general replenishment of working capital and other general corporate purpose. On 10 June 2020, the Board resolved to allocate part of the unutilised net proceeds of the Phase Two Expansion for the repayment of certain existing interest-bearing borrowings of the Group. For details of the Reallocation, please refer to the Company's announcement dated 10 June 2020.

During the Year, the net proceeds were utilised as follows:

	Original planned use of net proceeds *RMB million*	Amount of Reallocation *RMB million*	Unutilised proceeds as at 31 December 2023 *RMB million*	Total amount utilised for the reporting period *RMB million*	Total amount utilised as at 31 December 2024 *RMB million*	Unutilised proceeds as at 31 December 2024 *RMB million*
To fund the Phase Two Expansion	339.2	(200.0)	11.4	11.4	139.2	–
To strengthen the Group's product research and development and innovation capabilities	9.2	–	5.4	5.4	9.2	–
To strengthen the Group's relationships with key customers, enlarge the Group's customer base and further expand the Group's sales to overseas markets	7.7	–	1.9	1.9	7.7	–
For general replenishment of working capital and other general corporate purpose	27.6	–	–	–	27.6	–
For repayment of borrowings	–	200.0	–	–	200.0	–
Total	383.7	–	18.7	18.7	383.7	–

All the unutilised proceeds had been utilised during the Year.

DIVIDENDS

For the year ended 31 December 2024, the Board has resolved not to recommend the payment of a final dividend (2023: HK$0.04 per share).

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

During the Year, the trustee(s) of the Share Award Plans had purchased Shares on the Stock Exchange or off the market for the purpose of satisfying the share awards granted or to be granted under the Share Award Plans. Save as aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE YEAR

There was no significant event after the Year up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the provisions as set out in Part 2 of the CG Code, and has complied with all the code provisions as set out in Part 2 of the CG Code during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions in terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with each of the Directors, all Directors have confirmed to the Company that they have complied with the required standards set out in the Model Code during the Year.

REVIEW OF ANNUAL RESULTS

The Group's annual results and consolidated financial statements for the Year have been reviewed and approved by the Audit and Risk Management Committee, and the Audit and Risk Management Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit and Risk Management Committee therefore recommended the Board to approve the Group's annual results and consolidated financial statements for the Year without disagreement.

ANNUAL GENERAL MEETING

The annual general meeting is currently scheduled to be held on Friday, 23 May 2025. A notice convening the AGM and other relevant documents will be published in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

In order for determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 19 May 2025.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

The Board announces that, with effect from 31 March 2025, Mr. Meng Fanyong has ceased to be the chairman of the Nomination Committee. In addition, Mr. Guo Kaiqi has taken up the role as the chairman of the Nomination Committee while Ms. Xu Wenhong has been appointed as a member of the Nomination Committee.

The composition of the Nomination Committee henceforth comprises three members, including one executive Director, namely Ms. Xu Wenhong, and two independent non-executive Directors, namely Mr. Guo Kaiqi and Mr. Cheng Haitao.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement for the Year is published on the Company's website at www.dalipal.com and the website of the Stock Exchange at www.hkexnews.hk. The 2024 annual report of the Company will be despatched to the shareholders of the Company (where appropriate) and available on the above websites in due course in accordance with the Listing Rules.

APPRECIATION

The Board would like to take this opportunity to express sincere gratitude to all staff of the Group for their dedication and cooperation and to all shareholders, customers and business partners for their trust and support.

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company to be held on 23 May 2025
"API"	American Petroleum Institute
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors

"Cayman Islands Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Company" or "our Company"	Dalipal Holdings Limited (達力普控股有限公司), an exempted company limited by shares incorporated in the Cayman Islands on 28 August 2018 under the Companies Law
"Connected Persons' Share Award Plan"	the share award plan for directors and chief executives of the Group, adopted by the Company on 31 May 2022, as amended on 19 December 2022 as disclosed in the announcement of the Company dated 19 December 2022
"Director(s)"	the director(s) of our Company
"Group" or "our Group" or "we" or "our" or "us" or "Dalipal"	our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC "Hong Kong dollars" or "HK$" Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IDP"	Individual Development Plan
"IPO"	initial public offering
"Listing Date"	8 November 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macao Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the options market) operated by the Stock Exchange and which is independent from and operated in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM

“Model Code”	the Model Code for Securities set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Non-Connected Persons’ Share Award Plan”	the share award plan for full-time employees of the Group, adopted by the Company on 31 May 2022, as amended on 19 December 2022 as disclosed in the announcement of the Company dated 19 December 2022
“Phase Two Expansion”	the construction of phase two production capacity expansion at the Group’s factory located at Bohai New District
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement excludes Hong Kong, Macau and Taiwan
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by our Company on 19 June 2019
“Prospectus”	the prospectus of the Company dated 28 October 2019
“R&D”	research and development
“Reallocation”	the reallocation of part of the unutilised net proceeds from the IPO originally allocated for the Phase Two Expansion to the repayment of certain existing interest-bearing borrowings of the Group as resolved by the Board on 10 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK$0.10 each in the share capital of our Company
“Share Award Plans”	the Connected Persons’ Share Award Plan and Non-Connected Persons’ Share Award Plan
”Share Option Scheme”	the share option scheme was adopted by a resolution in writing by the then shareholders of the Company on 19 June 2019
“SPARK”	King Salman Energy Park in Dammam, Saudi Arabia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"US dollars"	United states dollars, the lawful currency of the united sates of America
"Year"or "reporting period"	the year ended 31 December 2024
"%"	per cent

By order of the Board
Dalipal Holdings Limited
達力普控股有限公司
Meng Fanyong
Chairman and executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Meng Fanyong, Mr. Zhang Hongyao, Ms. Xu Wenhong and Mr. Meng Yuxiang, as the executive Directors; Mr. Yin Zhixiang, as the non-executive Director; and Mr. Guo Kaiqi, Mr. Wong Jovi Chi Wing and Mr. Cheng Haitao, as the independent non-executive Directors.