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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2025	2024	
	RMB'million	*RMB'million*	Changes
Revenue	**1,693.6**	1,539.5	10.0%
Gross profit	**152.7**	124.5	22.7%
Profit/(loss) from operations	**29.0**	(35.7)	(181.2%)
(Loss) before taxation	**(12.7)**	(77.2)	(83.5%)
(Loss) for the period	**(15.0)**	(69.7)	(78.5%)
Adjusted net (loss) (non-IFRS measure) *(Note)*	**(8.9)**	(55.1)	(83.8%)
Net (loss) margin	***(0.9%)***	*(4.5%)*	
Adjusted net (loss) margin (non-IFRS measure) *(Note)*	**(0.5%)**	(3.6%)	
(Loss) for the period attributable to equity shareholders of the Company	**(15.0)**	(69.7)	(78.5%)
(Loss) per share			
– Basic (RMB)	**(0.01)**	(0.05)	
– Diluted (RMB)	**(0.01)**	(0.05)	

Note:

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

The Board hereby announces the unaudited consolidated interim results of the Group for the Reporting Period, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited
*(Expressed in Renminbi ("**RMB**"))*

		Six months ended 30 June	
		2025	2024
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**1,693,626**	1,539,454
Cost of sales		**(1,540,887)**	(1,414,991)
Gross profit	*4(b)*	**152,739**	124,463
Other income		**30,386**	27,324
Selling expenses		**(61,437)**	(79,169)
Administrative expenses		**(92,708)**	(108,317)
Profit/(loss) from operations		**28,980**	(35,699)
Finance costs	*5(a)*	**(41,724)**	(41,538)
Loss before taxation	*5*	**(12,744)**	(77,237)
Income tax	*6*	**(2,221)**	7,557
Loss for the period attributable to equity shareholders of the Company		**(14,965)**	(69,680)
Other comprehensive income for the period (after tax):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		**(261)**	(169)
Total comprehensive income for the period attributable to equity shareholders of the Company		**(15,226)**	(69,849)
Loss per share	*7*		
Basic *(RMB)*		**(0.01)**	(0.05)
Diluted *(RMB)*		**(0.01)**	(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited
(Expressed in RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment		**2,406,584**	1,967,581
Deferred tax assets		**151**	184
		2,406,735	1,967,765
Current assets			
Inventories		**710,162**	802,596
Trade and bills receivables	*8*	**1,207,466**	1,280,584
Prepayments, deposits and other receivables		**60,882**	46,117
Cash at bank and on hand		**355,485**	412,136
		2,333,995	2,541,433
Current liabilities			
Trade and bills payables	*9*	**753,571**	837,921
Other payables and accruals		**138,994**	123,949
Interest-bearing borrowings		**1,127,290**	1,515,795
Lease liabilities		**2,601**	4,220
		2,022,456	2,481,885
Net current assets		**311,539**	59,548
Total assets less current liabilities		**2,718,274**	2,027,313
Non-current liabilities			
Interest-bearing borrowings		**1,395,641**	696,808
Lease liabilities		**1,328**	388
Deferred tax liabilities		**7,842**	5,654
Deferred income		**8,651**	9,429
		1,413,462	712,279
NET ASSETS		**1,304,812**	1,315,034
CAPITAL AND RESERVES			
Share capital		**134,794**	134,563
Reserves		**1,170,018**	1,180,471
TOTAL EQUITY		**1,304,812**	1,315,034

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 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 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "**IASB**"). It was authorised for issue on 29 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). KPMG's independent review report to the board of directors is included in the interim financial report.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

As at 30 June 2025, although the Group's current assets exceeded its current liabilities by RMB311,539,000, the Group's cash and cash equivalents of RMB302,367,000 may not be sufficient to finance its capital expenditure of RMB545,650,000 within twelve months after the reporting period. 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 RMB618,242,000 as at 30 June 2025;

(ii) Regarding bank and other borrowings of RMB1,127,290,000, 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 report, the Group has either renewed or refinanced bank borrowings of RMB160,000,000 subsequent to 30 June 2025; 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 30 June 2025, the Group has unused credit facility of RMB305,607,000 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 30 June 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the development, manufacture and sales 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:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Sales of oil and gas pipes	**1,078,720**	1,004,396
Sales of new energy pipes and special seamless steel pipes	**614,906**	535,058
	1,693,626	1,539,454

(b) Segment reporting

Segment information disclosed in the financial report has been prepared 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 sales of oil and gas pipes.
- New energy pipes and special seamless steel pipes: this segment includes primarily the manufacture and sales of new energy pipes and special seamless steel pipes.
- Other products: this segment includes primarily the manufacture and sales 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. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2025 and 2024. 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 six months ended 30 June 2025 and 2024 is set out below.

	Six months ended 30 June 2025			
	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	**1,078,720**	**614,906**	**–**	**1,693,626**
Reportable segment gross profit	**127,525**	**25,214**	**–**	**152,739**

	Six months ended 30 June 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	1,004,396	535,058	–	1,539,454
Reportable segment gross profit	106,182	18,281	–	124,463

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's right-of-use assets and property, plant and equipment ("**specified non-current assets**"). The geographical information about the revenue prepared by location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of right-of-use assets and property, plant and equipment.

Revenues from external customers

	Six months ended 30 June	
	2025 *RMB'000*	2024 *RMB'000*
The PRC	**1,475,540**	1,227,931
Overseas:		
Middle East	**166,034**	230,549
Africa	**30,546**	64,257
Others	**21,506**	16,717
	218,086	311,523
	1,693,626	1,539,454

Specified non-current assets

	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
The PRC	**2,402,499**	1,967,765
Overseas:		
Middle East	**7,871**	–
	2,410,370	1,967,765

5 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Interest expenses on borrowings	**39,574**	39,835
Interest expenses on lease liabilities	**113**	186
Others	**2,037**	1,517
	41,724	41,538

The borrowing costs have been capitalised at a rate of 3-4.59% per annum (six months ended 30 June 2024: Nil).

(b) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Depreciation expenses		
– owned property, plant and equipment	**59,995**	64,634
– right-of-use assets	**5,080**	4,912
Impairment losses on trade and other receivables	**1,778**	8,801
Research and development costs	**18,319**	16,547
Cost of inventories	**1,540,887**	1,414,991

6 INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Current taxation:		
– Provision for the period	**–**	1,936
– Under-provision in respect of prior years	**–**	217
	–	2,153
Deferred taxation:		
– Origination and reversal of temporary differences	**2,221**	(9,710)
	2,221	(7,557)

Notes:

(i) The Company and the subsidiaries of the Group incorporated in the Cayman Islands and British Virgin Islands 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% (six months ended 30 June 2024: 16.5%) of the estimated assessable profits for the six months ended 30 June 2025, 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 Hong Kong Dollar ("**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 2024.

(iii) The subsidiary of the Group established under the laws and regulations in the Kingdom of Saudi Arabia ("**Saudi Arabia**") is subject to Saudi Arabia income tax. The applicable Saudi Arabia income tax rate is 20% for the six months ended 30 June 2025. No provision for Saudi Arabia profits tax has been made as the Group had no assessable profit arising in Saudi Arabia during the six months ended 30 June 2025.

(iv) 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 six months ended 30 June 2025 (six months ended 30 June 2024: 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/ending 31 December 2024, 2025 and 2026.

7 LOSS PER SHARE

(a) Basic loss per share

The basic loss per share for the six months ended 30 June 2025 is calculated based on the loss attributable to equity shareholders of the Company of RMB14,965,000 (six months ended 30 June 2024: RMB69,680,000) and the weighted average of 1,466,683,000 (six months ended 30 June 2024: 1,468,343,000) ordinary shares in issue during the six months ended 30 June 2025.

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

	Six months ended 30 June	
	2025	2024
	'000	*'000*
Issued ordinary shares at 1 January	**1,503,168**	1,502,668
Shares issued under share option schemes	**423**	–
Effect of shares held for share award plans	**(36,908)**	(34,325)
Weighted average number of ordinary shares at 30 June	**1,466,683**	1,468,343

(b) Diluted loss per share

The diluted loss per share for the six months ended 30 June 2025 and 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

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Trade receivables	**794,481**	466,922
Less: loss allowance	**(6,663)**	(5,977)
	787,818	460,945
Bills receivables	**419,648**	819,639
	1,207,466	1,280,584

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

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

Trade receivables are generally due immediately and up to 90 days from the date of billings. Normally, the Group does not obtain collateral from customers.

(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:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Less than 1 month	**298,906**	221,242
1 to 3 months	**318,424**	195,637
3 to 6 months	**154,932**	41,025
Over 6 months	**15,556**	3,041
	787,818	460,945

(b) 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 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank acceptance notes	**366,902**	478,535

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 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank acceptance notes	**160,771**	407,627
Trade acceptance notes	**58,768**	144,950
	219,539	552,577

(c) At 30 June 2025, trade and bills receivables with an aggregate carrying amount of RMB358,542,000 (31 December 2024: RMB539,225,000) have been pledged for the Group's interest-bearing borrowings.

9 TRADE AND BILLS PAYABLES

	At **30 June** **2025** ***RMB'000***	At 31 December 2024 *RMB'000*
Trade payables	**730,563**	819,081
Bills payables	**23,008**	18,840
	753,571	837,921

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:

	At **30 June** **2025** ***RMB'000***	At 31 December 2024 *RMB'000*
Less than 1 month	**385,587**	615,665
1 to 3 months	**303,092**	151,682
3 to 6 months	**34,590**	36,548
Over 6 months	**30,302**	34,026
	753,571	837,921

10 DIVIDENDS

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

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

	Six months ended 30 June	
	2025 ***RMB'000***	2024 *RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of HK$Nil per ordinary share (six months ended 30 June 2024: HK$0.04 per ordinary share)	**–**	54,740

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Principal Businesses and Operating Model

The Group is principally engaged in the R&D, production, technical services, and sales of high-end energy pipes and special seamless steel pipes. Its products are widely used in various energy development, extraction, transportation, and equipment manufacturing applications, including oil, natural gas, shale gas, and new energy. Major customers encompass China's "three major state-owned oil companies" (CNPC, Sinopec, CNOOC), large-scale machinery processing and manufacturing enterprises, geological exploration and coal mining companies, as well as internationally renowned oil and petrochemical companies. The Group is a national high and new technology enterprise, a national intellectual property advantage enterprise, and a company listed on the Main Board of Hong Kong Stock Exchange, specializing in the production of high-end energy equipment.

The Group's products are categorized into standard products and customized products tailored to specific customer requirements. The Group's production model primarily follows a "build-to-order" approach, and the Group predominantly adopts direct sales. During the Reporting Period, the Group leveraged its R&D strengths and full-process production line capabilities to collaborate with customers on the development, manufacturing, and promotion of special and economical products, highlighting product differentiation and customization to enhance customer compatibility and loyalty. Adhering to the long-term product strategy of "strengthening core pipe products, pursuing moderate diversification, and developing unique leading products," the Group is committed to "adjusting the product mix, reducing costs, ensuring quality, and increasing output," thereby enhancing management capabilities and building its core competitiveness. While strengthening and specializing in API products to meet energy sector demands, the Group actively expanded the scale of non-API specialty products, optimized the overall product structure, and continued developing new products such as economical coal pipes, geological drill pipe materials, high-strength steel boom pipes for engineering machinery, tubing for hydraulic cylinders, perforating gun barrels, acid-resistant pipelines, and hydrogen transportation pipes, establishing long-term cooperation with premium domestic and international customers. With the completion and progressive commissioning of the Group's new intelligent tubing production line and the steady implementation of the "specialised, refined, exceptional and innovative" operating strategy, the Group's differentiated competitive advantages have become increasingly evident, and the market competitiveness of its products has continuously improved.

Industry Overview

In the first half of 2025, the global economy continued its recovery trajectory (IMF projected global GDP growth at 3.2%). However, the complex and volatile international situation, persistent geopolitical conflicts, and ongoing trade and tariff frictions led to a contraction in global trade, supply chain pressures, and rising inflation, resulting in greater-than-expected economic downward pressure in many countries. Against this backdrop, the energy sector exhibited a distinct dual-track development pattern of "securing supply of traditional energy while accelerating new energy," driving the energy pipe industry into a period of deep structural adjustment.

1. Market Supply-Demand and Competitive Landscape

The global energy pipe industry continued its structural adjustment trend in the first half of 2025. Influenced by complex and volatile domestic and international economic environments, industry supply-demand dynamics showed signs of periodic imbalance. New capacity continued to be released on the supply side, intensifying homogeneous competition for low-end products. Some small and medium-sized enterprises (SMEs), constrained by weak technological reserves and insufficient cost control capabilities, faced operational pressures such as shrinking orders and strained cash flows. Leading enterprises leveraged technological barriers to build competitive moats while accelerating industry consolidation through mergers and acquisitions, fostering a market pattern characterized by the "coexistence of key enterprises and specialized players, with profit divergence."

From the demand perspective, influenced by uneven global economic recovery rhythms and project construction progress, demand for specialty pipes in oil, natural gas, and chemical sectors exhibited significant regional divergence. The Middle East, as a core region for global energy development, saw a surge in procurement of seawater corrosion-resistant pipes driven by local key energy projects, with nickel-based alloy casing becoming a focal point. Exports to this region by leading domestic enterprises increased year-on-year. Southeast Asia benefited from accelerated energy infrastructure construction and industrial upgrading, leading to increased demand for large-diameter steel pipes year-on-year. China's proportion of X80-grade pipeline steel exports to this region also rose. The European and American markets displayed a divergence between traditional and emerging demand; demand for traditional oil and gas pipes declined year-on-year, while demand for pipes supporting new energy applications maintained growth. However, market certification barriers in these regions remain high, and the proportion of high-end pipes from China with EU CE certification in total exports is still limited.

International trade presented a "volume increase, price adjustment" characteristic, with export scale expansion contrasting sharply with price declines. From January to June 2025, China's seamless pipe exports reached approximately 2.9324 million tons, representing a year-on-year increase exceeding 9.27%; however the price declined. Industry profit margins faced dual pressures from intensified price wars in low-end products and fluctuations in raw material costs like iron ore and energy, leading to significant cost transmission pressures.

2. Domestic Industry Operating Characteristics

The domestic steel pipe industry exhibited operating characteristics marked by "demand volatility coexisting with structural upgrading." According to data from the Pipe Branch of the China Steel Construction Society, national seamless pipe production reached 14.8976 million tons from January to June 2025, representing a year-on-year increase of 3.2%, demonstrating the industry's sustained production resilience amidst structural adjustment. Concurrently, the industry's average profit margin remained relatively low. Intensified homogeneous competition in low-end products pressured prices, compounded by cost pressures transmitted from fluctuations in raw material prices like iron ore and energy, constituting the main challenges for the industry.

In the first half of 2025, influenced by domestic policy adjustments and market environment changes, demand growth in traditional sectors slowed, and conventional products faced intense price competition. Industry statistics indicated that some companies' quotations decreased compared to the same period last year, while inventory backlog increased year-on-year. The operating rates of small and medium-sized manufacturers remained persistently low. Simultaneously, demand for high-end and specialized products showed growth. Orders for corrosion-resistant non-API specialty products, such as those resistant to sulfur (S), hydrogen (H), and carbon dioxide (CO_2), increased year-on-year. Leading enterprises maintained relatively high profit margins for these products, providing crucial support for stable corporate development.

Examining domestic segment demand, demand for special steel pipes in energy extraction showed structural growth. As global oil and gas resource development extends into deeper, ultra-deep, and unconventional fields, deep wells and shale gas wells impose higher requirements on the high-pressure resistance and corrosion resistance of casing and tubing. From January to June 2025, the substantial increase in domestic shale gas development wells drove significant year-on-year growth in demand for sulfur-resistant and collapse-resistant casing. Demand in the new energy sector also performed strongly. The total mileage of hydrogen transmission pipelines under construction or planned domestically has exceeded 7,000 kilometers, driving rapid growth in orders for specialized green hydrogen transportation pipes.

3. *Technological Upgrades and Industrial Transformation*

The energy pipe industry witnessed multi-dimensional breakthroughs in technological upgrades. In product R&D, the industry focused on developing high value-added, high corrosion-resistant products. Products like hydrogen sulfide (H2S) resistant casing and economical low-chromium (Cr) casing resistant to CO_2 and chloride ion corrosion achieved batch application. The technological maturity of specialized pipes continued to improve, adapting to complex extraction environments for natural resources like shale gas and deep-sea oil and gas. Demand in the new energy sector also grew diversely. R&D for steel pipes used in hydrogen storage and transportation pipelines achieved phased results. Concurrently, orders for temperature and pressure-resistant casing for geothermal development, high-temperature fluid transportation pipes for photovoltaic (PV) and concentrated solar power (CSP) projects, and high-strength seamless steel pipes for offshore wind power pile foundations saw substantial year-on-year growth, driving the industry towards adaptation across all new energy scenarios. Driven by both traditional energy upgrades and new energy expansion, boiler tube demand also exhibited multi-dimensional growth.

Intelligent manufacturing and digital transformation became core directions for industry upgrading. Leading enterprises widely introduced full-process material tracking systems, digital inspection equipment, and intelligent handling systems into new production lines. This enabled real-time production data tracking, enhanced inspection efficiency, and automated warehousing and logistics. Some enterprises achieved unmanned operation in key processes, significantly improving production efficiency and product quality stability. Furthermore, the application of process modeling systems continuously optimized production, propelling the industry's shift from traditional manufacturing towards intelligent manufacturing.

Green and low-carbon development gained industry consensus, leading to upgrades in product green attributes. The industry intensified R&D efforts on pipes characterized by high strength, high toughness, long service life, and high precision for energy and material savings. Carbon footprint assessments extended across the entire product lifecycle. Low-carbon management systems, spanning from raw material smelting to finished product delivery, were progressively refined. Low-carbon pipes adapted to new energy scenarios accelerated iteration, promoting low-carbon transformation across the entire industrial chain.

Analysis of Core Competitiveness

During the Reporting Period, the Group continuously focused on building its core competitive capabilities in technology and products, intelligent manufacturing, ESG, and talent development:

1. Technology and Products

Centering on the "Three Transformations (market, user, product)" and "Cost Reduction and Efficiency Enhancement" as management priorities, and through the market expansion strategy of "Bringing In and Going Global," the Group achieved a leapfrog adjustment in its product structure. Sales of the Group's unique leading products surged by over 300% year-on-year during the Reporting Period, reaching a record high. The product structure continued to be deeply optimized towards high value-added and high-end segments, with key breakthroughs including:

i. Crane Boom Pipes: Achieved a major breakthrough in Grade 890 high-strength steel and obtained certification, achieving scaled application with leading customers.

ii. Perforating Gun Barrels: Innovated hot-rolling processes to achieve precise wall thickness control, replacing cold processing and enhancing competitiveness.

iii. Hydrogen Transmission Line Pipes: Actively participated in formulating industry standards and proposed multiple constructive technical indicators.

iv. Special Connections: Developed special connections for small outside diameter couplings and passed evaluation tests, broadening product variety and market reach.

v. Thermal Recovery Casing: Successfully entered PetroChina's main market for batch production, enriching the DLP steel grade system.

2. *Intelligent Manufacturing*

A new production line for high-end oil drilling and energy equipment pipes has been established by the Group. It extensively employs digital technologies and intelligent equipment, dedicated to the digital management of the production process, intelligent operation control, and high-efficiency operation. This comprehensively enhances product quality, reduces production costs, and significantly achieves energy savings and carbon reduction. It adds powerful driving force for enhancing the Group's competitiveness and achieving product premiumization, while also creating greater economic and social benefits for the Group.

A. *Core Intelligent Upgrades:*

i. Quality Enhancement: A full-process material tracking system has been deployed to enable comprehensive information tracking throughout product production. This allows for real-time and precise detection of process defects and equipment abnormalities, ensuring accurate and timely quality control.

ii. Production Innovation: A significant number of robots and specialized equipment have been introduced to replace manual labor in complex environments, heavy physical tasks, high-precision operations, and simple repetitive tasks. Most processes now achieve unmanned operations, greatly reducing the demand for labor resources in terms of both quantity and skill requirements.

iii. Process Optimization: Core equipment such as heating furnaces, piercing mills, continuous rolling mills, stretch reducers, straightening machines, and online inspection systems have achieved model-based process control. Through big data analysis and deep learning, the entire production process maintains an optimal and stable state. Additionally, straightening machines and related online inspection equipment have achieved automatic calibration and one-click production specification changes, saving substantial manpower and production auxiliary time.

iv. Logistics Upgrade: Intelligent turnover warehouses have been adopted to achieve fully unmanned management of the entire process, including production process turnover, storage management, and finished product loading and shipment within the designated area. This ensures seamless connectivity of all processes, efficient material transfer, and automated shipment of finished products. It significantly reduces storage space and enhances logistics efficiency.

v. Technological Leadership: Online intelligent inspection equipment has been installed at key processes in the manufacturing of specialized oil pipes. This enables real-time monitoring of process status and parameters, allowing for timely detection of abnormalities. Meanwhile, through the analysis and feedback of inspection data, combined with process models, online control and adjustment of equipment are implemented, achieving intelligent closed-loop control (perception-analysis-decision). Such related technologies will be pioneering in China.

vi. Crane Centralized Control: A crane centralized control system has been deployed. By optimizing crane design and implementing an intelligent scheduling system, remote crane operation has been achieved, significantly reducing the number of crane operators and improving crane operation efficiency, thereby contributing to high-efficiency and safe production operations.

vii. Energy Conservation and Environmental Innovation:

- Full Oxygen Combustion: The annular furnace utilizes full oxygen combustion technology, significantly reducing fuel consumption, nitrogen oxide emissions, and billet oxidation.

- Energy Feedback: Equipment such as intelligent warehouse stackers employs energy feedback technology, markedly reducing the electrical consumption of equipment operation.

- Waste Heat Utilization: The waste heat from the annular furnace flue gas is used for mandrel preheating, reducing the electrical consumption for mandrel induction preheating and the corresponding equipment investment.

B. Information and Automation Integration:

The production-marketing integration management and control platform establishes a unified information management system by constructing a "externally rapid response, internally highly collaborative" management framework. It promotes standardized operations and achieves the "three unifications": unified language, unified standards, and unified culture. The platform is dedicated to realizing integrated operational management and control through "production-marketing integration, management-control integration, and business-finance integration," optimizing the company's resource allocation, reducing operational costs, enhancing collaborative efficiency and response agility, standardizing business processes, and achieving refined management and efficient operations. It also comprehensively improves information transparency. Through the deep integration of management systems and on-site automation systems, the platform strengthens the precision of on-site management, enables automatic collection of production data, and facilitates real-time tracking and management of the entire order lifecycle. Ultimately, it aims to build a user-value-centered shared and win-win business model and service system, drive collaborative development of the supply chain, and comprehensively enhance the enterprise's overall operational efficiency and market competitiveness.

3. ESG

In the field of green development, the Group's core competitiveness continued to strengthen. During the Reporting Period, the Group received an "A" ESG rating from China Securities Index (CSI) and an "A" ESG rating from Wind, ranking 14th within the energy sector. A subsidiary of the Group successfully passed on-site certification audits for both "Carbon Management System" and "Green Supply Chain Management System," marking the official entry of Dalipal's "Green, Low-Carbon" sustainable development strategy into a new phase of systematic and standardized operation. The Group completed its first green power transaction via the Beijing Power Exchange Platform and will further increase green electricity procurement. Additionally, the Group has initiated the construction of a distributed photovoltaic power generation project at its production base in Cangzhou Bohai New Area, which will become another milestone achievement in building comprehensive green competitiveness.

All Dalipal personnel will persistently uphold the concept of green development, actively implement the national "Dual Carbon" strategy, and strive to build a resource-saving and environmentally friendly enterprise. In concrete actions, we deeply implemented energy-saving and consumption-reducing technical renovation projects. Key projects advanced during the Reporting Period included hydraulic station energy-saving retrofits, water pump energy-saving retrofits, drying room retrofits, and photovoltaic design retrofits. These initiatives effectively reduced electricity consumption and achieved CO_2 emission reductions, not only lowering operating costs but also strengthening our environmental performance. The Group will continue to deepen green operations, contribute Dalipal's strength to building a beautiful China, and establish this as a vital core competency for long-term sustainable development.

4. Talent Development

In talent development and project support, the Group focused on the theme of "combining training with practice," to conduct talent development by integrating the launch of the integrated management platform and the construction of the new production line project. By engaging management and technical talents in the installation and commissioning of new production line equipment, and through streamlining business processes and transforming business management models for the control platform project, the comprehensive quality of these talents was enhanced. The Group continued to advance the construction of professional technical talent teams by optimizing and refining operating procedures, work methods, and case libraries for both old and new production lines, forming knowledge assets for training. This empowered on-site staff and new graduate hires, improving the professional skills of frontline operators and new recruits. For the operator workforce, the focus was on an operator points-based evaluation system, using 6S management as a carrier, and leveraging safety and quality inspection/appraisal mechanisms and Smart Safety app to enhance team leader capabilities.

Human resource allocation progressed in tandem with the new production line project. Based on the project's construction schedule, recruitment plans for the new project were formulated. The organizational structure for the new production line was established, personnel training schemes and compensation plans were developed, and staffing needs were met through multiple channels including social and campus recruitment. This laid a solid foundation for the progressive commissioning and ramp-up to full capacity of the new production line.

Progress of Core Production Base Construction

1. Hebei Base, PRC

The new production line project progressed steadily according to plan. Among the key milestones, two intelligent tubing production lines and the heat treatment line are currently in the equipment commissioning and trial production phase; the hot rolling line is expected to commence operation in the third quarter; the upsetting line is also scheduled for trial runs in the third quarter.

The completion and operation of this intelligent tubing production line mark a significant upgrade in the Group's tubing production mode, replacing the previous practice of processing tubing using casing production lines. This new line is a crucial initiative for the Group's strategy of deepening cost reduction and efficiency enhancement and optimizing the product structure, significantly enhancing the market competitiveness of tubing products, with the below features:

i. Intelligence and Digitalization: Deep integration of advanced systems like IoT and real-time monitoring enables full-process intelligent manufacturing and digital management.

ii. Product Coverage: Achieves full coverage of tubing product specifications, fully meeting diverse global market demands.

iii. Efficiency and Cost Advantage: Production efficiency increased by 35% compared to the original model, with required manpower reduced by 30%.

iv. High-End Transformation: Significantly enhances the production capacity for high-end tubing products, strongly promoting the transformation of the tubing product structure towards high-end and customized segments.

2. Dammam Base, Saudi Arabia:

As a core fulcrum of the Group's internationalization strategy, this project progressed smoothly and has been successfully incorporated into the Saudi Ministry of Energy's localization platform. Preliminary design work for the project is complete, and the office in Dammam, Saudi Arabia, is officially operational. To accelerate project implementation and strengthen local operational capabilities, the Group appointed Mr. Al Gosaibi Saud Yousif M (who has extensive Saudi local experience and management background in the oil industry, and held long-term positions at Saudi Arabian Oil Company ("**Saudi Aramco**") in various management and leadership roles) as an executive Director. The Board believes Mr. Al Gosaibi's appointment will provide strong support for the smooth progress of the Dammam Base project and the Group's sustainable development. Although the project faces initial challenges such as cultural integration, the management maintains strong confidence in its success based on the Group's deep expertise in oilfield equipment, the project's precise alignment with Saudi market needs, and its current positive momentum.

OUTLOOK

1. Industry Environment and Market Trends

The global energy equipment industry is undergoing structural transformation. On the demand side, international markets present differentiated opportunities: deepening oil and gas development and accelerated new energy infrastructure in the Middle East will continue to drive demand for high-end products like high-strength steel casing and tubing; infrastructure projects like the Indonesia gas pipeline in Southeast Asia create incremental space for economical specialty products. Concurrently, geopolitical conflicts and volatile tariff policies exacerbate supply chain uncertainties, imposing higher requirements on enterprises' international operational capabilities. Domestically, the energy security strategy is driving rapid development in shale gas extraction, offshore oil and gas exploration, and the hydrogen energy industry (National Energy Administration targets hydrogen production of 10 million tons by 2025), generating rigid demand for special pipes such as corrosion-resistant and high-pressure resistant types, and becoming a new engine to break through traditional business growth bottlenecks.

The industry's competitive landscape is being reshaped by technological revolutions: In material innovation, breakthroughs in deep-sea high-pressure resistance and extreme environment corrosion resistance open high-end energy markets but also accelerate industry differentiation due to high R&D investment; Intelligent manufacturing significantly boosts leading enterprises' production efficiency through full-process data tracking and smart inspection equipment, but equipment upgrade costs create entry barriers; Green transformation, driven by policies like the EU Carbon Border Adjustment Mechanism, forces enterprises to adopt technologies like oxy-fuel combustion and green power substitution, with environmental investments further squeezing the survival space for SMEs. Amidst these intertwined factors, enterprises need to strike a balance between technological upgrading and cost control.

2. Company Strategic Positioning and Competitive Advantages

Facing this complex environment, the Group anchors its development path on three core strengths:

i. Technology R&D: As a national high and new technology enterprise, we have achieved batch supply of unique products like sulfur corrosion-resistant casing and economical special connections, and made breakthrough progress in cutting-edge areas like hydrogen/carbon dioxide corrosion-resistant pipes and hydrogen transmission line pipes.

ii. Industrial Chain Layout: Achieves flexible switching between batch and customized production through a lean operating system. Full-chain cost control capability serves as a key barrier against homogeneous competition in conventional products.

iii. Internationalization Foundation: The establishment of the Dammam production base in Saudi Arabia and breakthroughs in Middle East market access, combined with the synergistic effects of the Hong Kong capital platform, provide a solid fulcrum for the globalization strategy.

3. Core Operating Strategies and Implementation Paths

In the second half of 2025, the Group will focus on four strategic directions:

i. Product Structure Upgrading and Technology Reserves

Prioritize increasing the proportion of high value-added products such as sulfur/hydrogen/carbon dioxide corrosion-resistant pipes, Grade 160V ultra-high strength and toughness pipes, and 125ksi sulfur-resistant casing. Simultaneously advance the industrialization of hydrogen transmission line pipes and secure full-series certification for boiler tubes. To meet offshore oil and gas development needs, accelerate the development of microbe corrosion-resistant steel pipes and quick-connection products. Build a tiered technology reserve system of "developing one generation, reserving one generation, producing one generation" to ensure long-term competitiveness.

ii. Deepening Market Expansion

Domestically, focus on shale gas blocks in Southwest and Northwest China and offshore oil and gas markets, deepening joint technology development with strategic clients. Internationally, ensure the Dammam base in Saudi Arabia commences operations on schedule, establishing a localized system covering production, warehousing, and services to strengthen international market penetration and enhance global brand influence.

iii. Comprehensive Optimization of Operational Efficiency

Using the existing and new intelligent production lines at the Hebei base, PRC as benchmarks, integrate production, sales, and R&D data through the digital management platform to shorten manufacturing cycles, reduce work-in-progress (WIP) backlog, and accelerate cash collection. The cost reduction and efficiency enhancement initiative will focus on process innovation (e.g., material optimization to reduce raw material costs), labor efficiency improvement (refining compensation and performance policies for new lines), and intensive energy management. Rigorously implement the goal of achieving profitability for conventional products.

iv. Synergy Between Green and Globalization Tracks

Accelerate the application of green power substitution technologies to reduce unit product carbon emissions and meet EU CBAM requirements. Simultaneously, deepen resource linkage between the Middle East base and the Hong Kong capital platform to build a global network covering R&D, production, and trade.

4. Strategic Support System

To ensure target achievement, the Group will strengthen four pillars:

i. Technology Innovation Conversion Mechanism: Tilt R&D resources towards market demand, focusing on breaking bottlenecks in production line limit specifications and unit process upgrades.

ii. Digital Enablement System: Deepen application of the management platform, achieving informatized connection for optimized scheduling, quality traceability, and customer service throughout the entire process.

iii. Talent Pipeline Development: Organize specialized technical training and on-the-job practice aligned with new production line needs, refining talent selection and performance incentive mechanisms.

iv. Resource Integration Capability: Generate synergistic effects through external cooperation (e.g., landing international energy projects) and internal capital optimization (ensuring capacity release at Cangzhou/Dammam bases).

5. Development Outlook

In the second half of 2025, the Group will leverage technological differentiation, operational leanness, and globalized layout as core drivers to break through the homogenized competition dilemma via high-end products. It will rely on intelligent production lines and the Middle East strategic base to build dual barriers of cost and delivery. Against the backdrop of accelerating industry differentiation, the Group will steadfastly advance technological leadership and value creation in the energy equipment sector, delivering sustainable long-term returns for shareholders.

FINANCIAL REVIEW

Revenue

The Group has achieved a total revenue of RMB1,693.6 million during the Reporting Period, representing an increase of 10.0% from RMB1,539.5 million in the corresponding period of 2024. During the Reporting Period, the revenues from sales of oil and gas pipes, and new energy pipes and special seamless steel pipes have both increased.

	Six months ended 30 June 2025		Six months ended 30 June 2024		Changes	
Product Categories	**Sales**	**Percentage of Sales**	Sales	Percentage of Sales	Sales	Percentage
	RMB million	**%**	*RMB million*	%	*RMB million*	%
Oil and gas pipes	**1,078.7**	**63.7%**	1,004.4	65.2%	74.3	7.4%
New energy pipes and special seamless steel pipes	**614.9**	**36.3%**	535.1	34.8%	79.8	14.9%
Total	**1,693.6**	**100.0%**	1,539.5	100.0%	154.1	10.0%

During the Reporting Period, the Group recorded an increase of 7.4% in the revenue of oil and gas pipes to RMB1,078.7 million (corresponding period of 2024: RMB1,004.4 million), and an increase of 14.9% in the revenue of new energy pipes and special seamless steel pipes to RMB614.9 million (corresponding period of 2024: RMB535.1 million).

The increase in the Group's revenue during the Reporting Period was principally due to the growth in sales volume.

	Six months ended 30 June 2025		Six months ended 30 June 2024		Changes	
	Sales	**Percentage of Sales**	Sales	Percentage of Sales	Sales	Percentage
	RMB million	**%**	*RMB million*	%	*RMB million*	%
Domestic Sales	**1,475.5**	**87.1%**	1,228.0	79.8%	247.5	20.2%
Overseas Sales	**218.1**	**12.9%**	311.5	20.2%	(93.4)	(30.0%)
Total	**1,693.6**	**100.0%**	1,539.5	100.0%	154.1	10.0%

During the Reporting Period, the Group recorded an increase of 20.2% in the revenue of domestic sales to RMB1,475.5 million (corresponding period of 2024: RMB1,228.0 million), which was mainly attributable to the Company's competitive advantages in sales and services, resulting in increased market penetration among major clients.

In terms of overseas sales, sales decreased by 30.0% to RMB218.1 million (corresponding period of 2024: RMB311.5 million). Such decrease was due to a number of negative factors such as geopolitical tensions, economic policy shifts, and regional volatility in energy exploration investments, which resulted in significant decreases in both sales volume and sales prices.

Cost of sales

The Group recorded a total cost of sales of RMB1,540.9 million during the Reporting Period, representing an increase of approximately 8.9% as compared to RMB1,415.0 million for the corresponding period of 2024, which was mainly due to the growth in sales volume and an optimized product mix.

Gross profit and gross profit margin

During the Reporting Period, the Group's total gross profit was RMB152.7 million, representing an increase of RMB28.2 million from RMB124.5 million for the corresponding period of 2024. During the Reporting Period, the Group's overall gross profit margin was 9.0%, representing an increase of 0.9 percentage points from 8.1% for the corresponding period of 2024. The growth was mainly due to optimized product mix with increased share of high value-added products.

Other income

During the Reporting Period, the Group's other income was RMB30.4 million, representing an increase of RMB3.1 million from RMB27.3 million for the corresponding period of 2024, mainly due to the increase in value added tax and other tax refund.

Selling expenses

During the Reporting Period, the Group's selling expenses were RMB61.4 million, representing a decrease of approximately 22.5% as compared to RMB79.2 million for the corresponding period of 2024, which was mainly due to a decline in overseas sales, resulting in decrease in shipping costs, port charges, and commissions.

Administrative expenses

During the Reporting Period, the Group's administrative expenses were RMB92.7 million, representing a decrease of approximately 14.4% as compared to RMB108.3 million for the corresponding period of 2024, which was mainly due to the decrease in bad debts, labor costs and equity-settled share-based payment expenses.

Finance costs

During the Reporting Period, the Group's financial costs were RMB41.7 million, representing a slight increase of 0.5% from RMB41.5 million for the corresponding period of 2024, which was mainly due to the the stability of our loan interest rates and the capitalization of financing costs for the Phase Two Expansion.

Income tax

During the Reporting Period, the Group's income tax expense was RMB2.2 million, as compared to RMB7.6 million of income tax credit in the corresponding period of 2024. The increase was mainly attributable to profits generated by our Group's subsidiaries.

Loss for the period

During the Reporting Period, the Group's loss narrowed significantly by 78.5% to RMB15.0 million, compared to RMB69.7 million loss for the corresponding period of 2024. The improvement in financial performance was mainly due to the Group's continuous optimization and adjustment of its product structure and market structure, which continued to enhance its competitiveness.

Non-IFRS Measure

To supplement the Company's consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, the Company also used adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) as additional non-IFRS measures, which are not required by, or presented in accordance with, IFRS Accounting Standards.

The Board believes that these non-IFRS measures will facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items, and provide useful information to investors and others in understanding and evaluating the Company's consolidated results of operations in the same manner as they did during the management's review of the results. However, the Company's presentation of adjusted net loss (non-IFRS measure) and adjusted net loss 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 Shareholders and potential investors should not consider them in isolation from, or as a substitute for an analysis of, the Group's results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles the Group's adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards:

	Six months ended 30 June 2025 *RMB million*	Six months ended 30 June 2024 *RMB million*
Loss for the period	**(15.0)**	(69.7)
Add:		
– Equity-settled share-based payment expenses	**6.1**	14.6
Adjusted net loss (non-IFRS measure)	**(8.9)**	(55.1)
Adjusted net loss margin (non-IFRS measure)	**(0.5%)**	(3.6%)

Capital expenditure

During the Reporting Period, the Group invested RMB505.8 million in property, plant and equipment (corresponding period of 2024: RMB158.4 million). The increase was mainly due to the increase in expenditure of the Phase Two Expansion.

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 sought 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 30 June 2025, cash at bank and on hand amounted to RMB355.5 million (31 December 2024: RMB412.1 million) and were mainly denominated in RMB, with a small amount denominated in HKD, Saudi Riyal and US dollars (31 December 2024: mainly denominated in RMB, with a small amount denominated in HKD and US dollars).

As of 30 June 2025, the Group's interest-bearing borrowings were RMB2,522.9 million (31 December 2024: RMB2,212.6 million), of which RMB1,395.6 million (31 December 2024: RMB696.8 million) are long-term borrowings and RMB1,127.3 million (31 December 2024: RMB1,515.8 million) are short-term borrowings, and all of them are denominated in RMB (31 December 2024: all were denominated in RMB). As at 30 June 2025, RMB1,813.0 million (31 December 2024: RMB1,898.6 million) out of all of the interest-bearing borrowings of the Group have been charged at fixed interest rates.

Gearing ratio, 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 period end and multiplied by 100%, was 166.1%, representing an increase of 29.2 percentage points from 136.9% at the end of 2024. Such increase was due to the increase in borrowings and the decrease in equity resulting from loss suffered.

Current ratio, which is calculated based on the current assets divided by the current liabilities, increased from 1.02 as at 31 December 2024 to 1.15 as at 30 June 2025.

Employees and remuneration policy

As at 30 June 2025, the Group had 1,934 employees (30 June 2024: 1,774 employees) in total, and total staff costs (inclusive of Directors' emoluments) during the Reporting Period amounted to RMB131.5 million (corresponding period of 2024: RMB119.1 million).

The Group believes that 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 and performance-based monthly and annual bonuses, and reviews the remuneration packages annually according to industry benchmark, financial results, as well as the performance of employees. The Company has also adopted the Share Option Schemes 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 30 June 2025, the Group's property, plant and equipment with carrying amount of RMB1,104.4 million (31 December 2024: RMB1,131.8 million) and other chattels with carrying amount of RMB638.5 million (31 December 2024: RMB755.9 million) were pledged as collateral for the Group's bank borrowings.

Foreign exchange risk

A majority of the Group's businesses are operated in the PRC and are denominated in RMB. With developments in export 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 material adverse effects arising from exchange rate fluctuation. Nevertheless, the Group will closely monitor the financial market and would consider adopting appropriate measures as and when necessary.

Significant investments held and material acquisitions and disposals

During the Reporting Period, the Group did not hold any significant investments or have any material acquisitions or disposals of subsidiaries, associates or joint ventures of the Company.

Save for the on-going Phase Two Expansion which is funded by internal resources and bank borrowings, the Group does not have any specific future plans for material investments or capital assets as at the date of this announcement.

Contingent liabilities

As at 30 June 2025, the Group does not have any contingent liabilities.

Interim dividends

The Board does not recommend the payment of interim dividend for the Reporting Period.

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

During the Reporting Period, 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.

EVENT AFTER THE REPORTING PERIOD

There was no significant event from the end of the Reporting Period up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has applied and complied with all the code provisions set out in part 2 of the CG Code during the Reporting Period.

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 and the Company’s code of conduct regarding Directors’ securities transactions during the Reporting Period.

REVIEW OF INTERIM RESULTS

The audit and risk management committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial statements for the Reporting Period, without disagreement. At the request of Directors, the Group's external auditors have carried out a review of the interim financial report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by The Hong Kong Institute of Certified Public Accountants.

GLOSSARY

"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Company"	Dalipal Holdings Limited (達力普控股有限公司), an exempted company limited by shares incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
"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 the same date
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"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 Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"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 the same date
"Phase Two Expansion"	the construction of phase two production capacity expansion at the Group's factory located at Bohai New District, Cangzhou, Hebei Province, the PRC
"PRC" or "China"	the People's Republic of China which, for the purposes of this announcement excludes Hong Kong, Macau and Taiwan
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Award Plans"	the Non-Connected Persons' Share Award Plan and the Connected Persons' Share Award Plan
"Share Option Scheme"	the share option scheme adopted by a resolution in writing by the then Shareholders on 19 June 2019
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	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, 29 August 2025

As at the date of this announcement, the Board comprises Mr. Meng Fanyong, Mr. Zhang Hongyao, Ms. Xu Wenhong, Mr. Meng Yuxiang and Mr. Al Gosaibi, Saud Yousif M, 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.