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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 2023

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2023	2022	
	RMB'million	*RMB'million*	Changes
Revenue	**3,850.0**	4,227.8	(8.9%)
Gross profit	**528.2**	610.9	(13.5%)
Gross profit margin	***13.7%***	*14.5%*	
Profit from operations	**241.4**	285.8	(15.5%)
EBITDA	**376.6**	414.6	(9.2%)
Profit before taxation	**152.4**	176.9	(13.8%)
Profit for the year	**134.5**	151.6	(11.3%)
Adjusted net profit (non-IFRS measure) *(Note)*	**141.9**	154.5	(8.2%)
Net profit margin	***3.5%***	*3.6%*	
Adjusted net profit margin (non-IFRS measure) *(Note)*	***3.7%***	*3.7%*	
Earnings per share			
– Basic and diluted (RMB)	**0.09**	0.10	(10.0%)

Note:

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

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the Year, together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023
(Expressed in Renminbi ("RMB"))

	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	3	**3,850,020**	4,227,802
Cost of sales		**(3,321,840)**	(3,616,874)
Gross profit		**528,180**	610,928
Other income	4	**45,106**	33,209
Selling expenses		**(156,967)**	(186,864)
Administrative expenses		**(174,957)**	(171,499)
Profit from operations		**241,362**	285,774
Finance costs	5	**(88,994)**	(108,828)
Profit before taxation		**152,368**	176,946
Income tax	6	**(17,845)**	(25,362)
Profit for the year attributable to equity shareholders of the Company		**134,523**	151,584
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		**(3,804)**	(5,090)
Total comprehensive income for the year attributable to equity shareholders of the Company		**130,719**	146,494
Earnings per share	7		
Basic *(RMB)*		**0.09**	0.10
Diluted *(RMB)*		**0.09**	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023
(Expressed in RMB)

	Note	**2023** **RMB'000**	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,781,575**	1,831,450
Deferred tax assets		**146**	–
		1,781,721	1,831,450
Current assets			
Derivative financial instruments		**–**	3,639
Inventories		**576,105**	753,917
Trade and bills receivables	8	**1,270,182**	1,095,685
Prepayments, deposits and other receivables		**69,798**	36,797
Cash at bank and on hand		**432,589**	464,892
		2,348,674	2,354,930
Current liabilities			
Trade and bills payables	9	**724,571**	560,730
Other payables and accruals		**136,129**	234,952
Interest-bearing borrowings		**1,176,235**	1,176,756
Lease liabilities		**3,680**	3,203
Current taxation		**5,904**	12,448
		2,046,519	1,988,089
Net current assets		**302,155**	366,841
Total assets less current liabilities		**2,083,876**	2,198,291
Non-current liabilities			
Interest-bearing borrowings		**591,262**	762,300
Lease liabilities		**4,107**	6,711
Deferred tax liabilities		**16,423**	12,438
Deferred income		**10,986**	12,542
		622,778	793,991
NET ASSETS		**1,461,098**	1,404,300
CAPITAL AND RESERVES	10		
Share capital		**134,518**	134,140
Reserves		**1,326,580**	1,270,160
TOTAL EQUITY		**1,461,098**	1,404,300

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. The 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").

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 2023 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.

(c) Changes in accounting policies

(i) New and amended IFRS Accounting Standards

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2*, Making materiality judgements: *Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRS Accounting Standards are discussed below:

IFRS 17, Insurance contracts

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on the Group's financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on the Group's financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases. For leases, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

Amendments to IAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. However, because no new legislation to implement the Pillar Two income tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's financial statements.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of IAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

This change in accounting policy did not have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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:

	2023	2022
	RMB'000	*RMB'000*
Sales of oil and gas pipes	**2,459,943**	2,635,098
Sales of new energy pipes and special seamless steel pipes	**1,331,897**	1,567,886
Sales of other products	**58,180**	24,818
	3,850,020	4,227,802

Revenue from customers with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2023 is as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**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.

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer for the year ended 31 December 2022.

(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. The measure used for reporting segment result is gross profit, but excluded depreciation expenses, staff costs and utilities expenses incurred during the suspension of production as a result of the COVID-19 pandemic. No inter-segment sales have occurred for the years ended 31 December 2023 and 2022. 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 2023 and 2022 is set out below.

	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**

	2022			
	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	2,635,098	1,567,886	24,818	4,227,802
Reportable segment gross profit	442,159	169,849	328	612,336

(ii) ***Reconciliation of reportable segment gross profit***

	2023	2022
	RMB'000	*RMB'000*
Reportable segment gross profit	**528,180**	612,336
Depreciation expenses, staff costs and utilities incurred during production suspension period as a result of the COVID-19 pandemic	**–**	(1,408)
Reportable segment gross profit derived from the Group's external customers	**528,180**	610,928

(iii) ***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:

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**2,862,847**	3,077,736
Overseas:		
The Middle East	**560,066**	663,745
Africa	**322,605**	278,034
Southeast Asia	**5,675**	117,268
Others	**98,827**	91,019
	987,173	1,150,066
	3,850,020	4,227,802

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

	2023	2022
	RMB'000	*RMB'000*
Government grants (including amortisation of deferred income)	**24,018**	6,885
Interest income	**4,189**	3,359
Net gain on disposal of other property, plant and equipment	**58**	174
Net foreign exchange gain	**5,727**	7,619
Net gains on sale of scraps raw materials	**9,512**	8,712
Rental income	**2,974**	2,826
Net (loss)/gain arising from forward exchange contracts *(Note)*	**(3,739)**	3,639
Others	**2,367**	(5)
	45,106	33,209

Note:

The Group entered into forward exchange contracts with certain banks to manage its foreign currency exposure arising from overseas sales. All forward exchange contracts have been settled as at 31 December 2023.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on borrowings	**80,093**	90,756
Interest expenses on lease liabilities	**492**	88
Others	**8,409**	17,984
	88,994	108,828

(b) Staff costs#

	2023	2022
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**206,482**	216,714
Contributions to defined contribution retirement plan	**13,688**	11,811
Equity-settled share-based payment expenses	**7,426**	2,875
	227,596	231,400

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

	2023 *RMB'000*	2022 *RMB'000*
Depreciation expenses#		
– owned property, plant and equipment	**125,132**	121,771
– right-of-use assets	**9,733**	7,096
– Leasehold improvement	**416**	–
Impairment losses (reversed)/recognised on trade receivables	**(422)**	1,759
Impairment losses (reversed)/recognised on prepayments and other receivables	**(117)**	66
Auditors' remuneration		
– audit services	**2,323**	2,200
– non-audit services	**1,030**	1,025
Research and development costs	**40,397**	39,792
Cost of inventories#	**3,321,840**	3,615,466

\# Cost of inventories include RMB238,961,000 (2022: RMB232,860,000) 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:

	2023 *RMB'000*	2022 *RMB'000*
Current taxation:		
– Provision for the year	**16,004**	18,647
– Over-provision in respect of prior years	**(1,998)**	–
	14,006	18,647
Deferred taxation:		
– Origination and reversal of temporary differences	**3,839**	6,715
	3,839	6,715
	17,845	25,362

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

	2023	2022
	RMB'000	*RMB'000*
Profit before taxation	**152,368**	176,946
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**38,411**	46,112
Tax effect on preferential tax rate	**(15,574)**	(19,506)
Tax effect of non-deductible expenses	**1,934**	2,206
Tax effect on bonus deduction of research and development costs	**(4,928)**	(3,450)
Over-provision in respect of prior years	**(1,998)**	–
Actual tax expense	**17,845**	25,362

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% (2022: 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 2022.

(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 2023 (2022: 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 2022 and 2023.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2023 is calculated based on the profit attributable to equity shareholders of the Company of RMB134,523,000 (2022: RMB151,584,000) and the weighted average of 1,470,586,000 (2022: 1,494,269,000) ordinary shares in issue during the year.

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

	2023	2022
	'000	*'000*
Issued ordinary shares at 1 January	**1,498,468**	1,501,200
Shares issued under share option scheme	**1,110**	766
Effect of shares repurchased	**–**	(2,752)
Effect of shares held for share award plans	**(28,992)**	(4,945)
Weighted average number of ordinary shares at 31 December	**1,470,586**	1,494,269

(b) Diluted 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 (2022: RMB151,584,000) and the weighted average 1,478,551,000 (2022: 1,503,200,000) ordinary shares (diluted).

Calculation of weighted average number of ordinary shares (diluted) is as follows:

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**1,470,586**	1,494,269
Effect of deemed issue of shares under the Company's share option scheme	**7,965**	8,931
Weighted average number of ordinary shares (diluted) at 31 December	**1,478,551**	1,503,200

8 TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**584,533**	501,730
Less: loss allowance *(Note 8(b))*	**(5,429)**	(5,851)
	579,104	495,879
Bills receivable	**691,078**	599,806
	1,270,182	1,095,685

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:

	2023	2022
	RMB'000	*RMB'000*
Less than 1 month	**354,972**	231,423
1 to 3 months	**126,563**	208,117
3 to 6 months	**88,731**	53,695
Over 6 months	**8,838**	2,644
	579,104	495,879

(b) Impairment of trade and bills receivables

The movements in the loss allowance account are as follows:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**5,851**	4,092
(Reversal)/recognition of credit losses	**(422)**	1,759
At 31 December	**5,429**	5,851

9 TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**597,474**	545,263
Bills payable	**127,097**	15,467
	724,571	560,730

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:

	2023	2022
	RMB'000	*RMB'000*
Less than 1 month	**568,220**	336,780
1 to 3 months	**111,300**	140,912
3 to 6 months	**30,912**	53,326
Over 6 months	**14,139**	29,712
	724,571	560,730

10 SHARE CAPITAL AND DIVIDENDS

(a) Share capital

	2023		2022	
	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

	2023		2022	
	Number of shares	**Amount**	Number of shares	Amount
		RMB'000		*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**1,498,468,000**	**134,140**	1,501,200,000	134,362
Shares issued under share option scheme	**4,200,000**	**378**	1,200,000	104
Cancellation of treasury shares	**–**	**–**	(3,932,000)	(326)
At 31 December	**1,502,668,000**	**134,518**	1,498,468,000	134,140

(b) Dividends

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

	2023	2022
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting of HK$0.04 per ordinary share (2022: HK$0.04)	**54,470**	53,541

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

	2023	2022
	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 (2022: HK$0.03)	**53,892**	36,584

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Main Business, Business Model and Industry Overview of the Group for the Year

Principal business, business model and industry of the Group during the Reporting Period

As a high-end, intelligent and green energy equipment manufacturer, the Group is principally engaged in the research and development, production, technical services and sales of high-end energy pipes and special seamless steel pipes. The product is widely used and has an extensive product mix, and is suitable for use in the development, mining and transmission of various categories of energy sources, including oil, natural gas, shale gas and new energy, as well as pipes for the manufacturing of energy machineries.

The Group's products are divided into standard products and customised products that are made according to customers' special requirements. The production model adopted by the Group is "sales-oriented". During the Reporting Period and the Group effectively leveraged its R & D and full-process production lines, cooperated closely with customers in the area of R & D, manufacturing and promotion of special products, highlighted the characteristics of product differentiation and customisation, so as to enhance the adaptability of our products with the requests of our customers. During the Reporting Period, the sales volume of the Group's special products increased significantly. In terms of the Group's product sales models, both domestic and international markets are mainly direct sales.

Adhering to the business strategy of "strengthening oil and gas pipes, diversifying moderately and manufacturing leading products with exclusivity (一管做強，適度多元，形成獨有領先產品)", the Group strengthened its business of oil and gas pipes and upscaled its featured non-API oil and gas pipe products while continuously developing pipes for oil drilling equipment, including pipes for drilling, oil tank pipes and perforator pipes, special pipes with leading technologies that are applicable to new energy and pipes for the manufacturing of high-end machineries, and has successively obtained the qualification as a qualified supplier of well-known domestic enterprises. The "specialised, refined, exceptional and innovative (專、精、特、新)" business philosophy of the Group allows the Group to establish a differentiated position in the industry, greatly enhancing the competitiveness of the soft power of the Group.

During the Reporting Period, driven by the high interest rates in developed countries in Europe and the United States, coupled with the impact of geopolitical conflicts, competition among major powers and energy game, the global economy was hit hard. Under the background of the post-pandemic situation in China, although most industries have ushered in recovery, the process is relatively slow, the endogenous power is insufficient, the demand for steel products decreases, the average price moves downward, and the profit margin narrows. However, from the perspective of market segments, energy prices remained at a high level, and investment in energy mining remained at a high level, resulting in a certain degree of resilience in the demand for seamless steel pipes. The annual domestic capacity utilisation rate increased slightly compared with the previous year, and the average daily trading volume increased by 2.24% year-on-year. The export market continued its strong momentum since the second half of 2022. According to the General Administration of Customs of the PRC, the export of seamless steel pipes increased by 15.5% year-on-year during the Year, mainly focusing on oil and gas pipes. During the Reporting Period, the pattern of the industry was also changing, with the increasing intensity of strong alliance, key enterprises and characteristic enterprises coexisted, and the pattern of profit differentiation between leading enterprises and small and medium-sized enterprises tended to be obvious.

Under the complex economic background, the Group seized market opportunities, dynamically adjusted its business strategies, stabilised its domestic market, expanded overseas markets, fully utilised its competitive advantages of independent research and development and fast and flexible customer service throughout the process, and implemented the concept of lean operation, the operating results is relatively stable.

Analysis of Core Competitiveness

During the Reporting Period, the Group built its core competitiveness around market expansion, technology research and development, intelligent manufacturing, green and low-carbon development and lean management:

1. Market expansion – in addition to continuing to maintain a certain proportion of participation in the PRC market of CNPC and Sinopec, the Group has made a historic breakthrough in the 2023-2024 bidding in the CNOOC market in the PRC, with a bid-winning volume of nearly 180,000 tonnes. The Group further expanded its broad overseas market and completed the certification of 5 overseas oil companies during the Year, achieving full coverage of six continents in the overseas market.

2. Technical R&D – DLP-T4, a product solely designed by the Group, passed the level 4 evaluation test of API 5C5 2017 in the United States. It has been used in large quantities for shale gas mining in wells with extraordinary depth of more than 6,000 meters of CNPC's southwest oil and gas field during the Reporting Period. The Group also owned the independent intellectual property rights in respect of innovative high-strength and tough casing which are corrosion-resistant, and has been used in large quantities in major oil and gas fields in China during the Reporting Period. We focused on the development of economical coal drill pipes and low corrosion-resistant series products to meet customers' customised needs and such development pass the review. Results of our research in rare earth corrosion resistant casing in collaboration with renowned universities in China were also released, which made significant improvement in corrosion resistance of our pipes without increasing the costs in production. We also conducted and recorded a number of breakthroughs in smelting and rolling processes and various process validation studies. Furthermore, the industry standard YB/T6068-2022 "Technical specifications of oxygen supply in steelmaking in electric arc furnace", which the Group participated in its formulation, was officially released and implemented, marking the elevation of the Company's status in the industry.

3. Intelligent manufacturing – the Group has built intelligent production lines which are composed of smart equipment consisting of robots, computer numerical control (CNC) machine tools, logistics warehouses, testing equipment and automated production lines, thus enabling multiple "unmanned production units" and "multiple production lines with reduced manpower". With more than 12 types of intelligent manufacturing support industrial software, the Group has become the first enterprise in the industry to realise and make use of a "product process big data analysis platform (產品工藝大數據分析平台)". The Group's unmanned smart intelligent warehouse, which is one of the first of its kind in China, realised the automatic circulation and information tracking of products in the complete manufacturing process, thereby providing support for efficient operation.

4. Green development – The carbon footprint of our products from “cradle to gate (搖籃到大門)” is quantified and verified throughout the life cycle, the carbon footprint contribution of the whole life cycle of products and services is identified, with targeted carbon reduction measures proposed, and worked with upstream and downstream industrial chains to practise the concept of green development. We continued our effort in process technology innovation, self-research and development of low-carbon processes and products, and obtained more than 12 patents. We have also successively carried out projects including industrial water recycling, waste heat recycling, refining slag recycling, and full-oxygen combustion and baking of resistant materials, effectively reducing carbon emissions, and our emission indicators such as sulfide, nitrogen oxides, and particulate matter are far below the stringent emission standards of Hebei Province. We also strive to promote photovoltaic power generation, source, grid, load and storage projects to help achieve economic, efficient and safe clean energy supply. The Company also passed the clean production audit and acceptance organised by the Hebei Provincial Institute of Ecology and Environment, and was recognised as a “leader” enterprise in China’s industrial carbon peaking and a national-level green factory.

5. Lean operation – we strived to achieve maximum efficiency, improve unit operation efficiency and input-output efficiency. We continued to promote process innovation,technological reform, featured product material optimisation, cost reduction and increase in efficiency and other measures to improve product yield and reduce production costs. We also carried out activities in relation to visualisation and 6S management to motivate employees to improve self-management, established an incubation platform for the development of employees’ skillset and management innovation, collected innovative proposals extensively, and formed an encouraging innovation atmosphere within the Company. We engaged external professional instructors to establish a dual mentoring system comprising “senior mentors + middle-level mentors + high-potential management trainees”. Through the lessons and experience gained from real world exposure, we encourage our employees to formulate IDP on career development paths and individual characteristics. Improvement projects were formulated based on the Company’s annual strategic goals. Strategy was implemented and the management awareness of middle-level management and high-potential management trainees was enhanced by way of promoting IDP and improvement projects.

OUTLOOK

The management of the Group believes that, despite the disappointing domestic demand during the Reporting Period, fundamental downtrend in demands and average prices, complex and severe external environment, and persistence of the compound impact of geopolitics, energy crisis, and competition from major economies, the 2023 Central Economic Work Conference held in Beijing determined the general tone of “seeking progress while maintaining stability, promoting stability with progress, and breaking through after establishment” (穩中求進、以進促穩、先立後破), Technological innovation and expanding domestic demand were ranked among the top priorities according to the economic work conference. Against this background, there is a call for higher level of oil exploration, development, processing activities and increased gas production capacity to ensure energy security, and the general layout to encourage quality development of green, intelligent and innovation-related industries. The Group will continue to promote various tasks regarding the product strategy positioning of “specific, specialised, innovative and new products (專、精、特、新)”.

The Group will focus on oil and gas pipes, new energy pipes and special seamless steel pipes, meet and guide customer demand, strengthen featured non-API products and market expansion, manufacture leading products with exclusivity, and enhance the brand effect of products. Taking lead to promote energy saving and emission reduction, leveraging on smart manufacturing and equipment upgrade, we will promote transformation to green and low-carbon emission process through automation, digitalisation, information technology, intelligence and alternative clean energy. We will serve downstream customers with process innovation, technological innovation and green product research and development, establish an ecological priority, green and low-carbon development model, and provide support for the green and low-carbon transformation of the entire energy industry. Capitalising on digital technology, we will build an efficient and intelligent manufacturing plant and business processing system, continue to optimise management, and realise a low-cost, high-quality and efficient development. We will continue to speed up the certification and recognition progress of overseas oil companies and increase our market share in the international market. We will also continuously implement the management mode of "precise, refined and lean operation" to keep strengthening our financial structure and promote the high-quality development of the Company. The Company will build a sustainable management, technology and operation team with a strong sense of belonging, consciously practicing the corporate culture and synchronising with the Group, so as to provide strong support for the development strategy of overseas markets while achieving steady growth in operating results.

In March 2024, the Board of Directors approved the plan for the future strategic development in the Middle East, planning to establish in the Middle East regional headquarters, research and development center, intelligent factory and data control center, etc. To further improve the Company's future long-term strategy in the Middle East, to achieve our aim to serve the world's first-class customers in the field of energy and explore the important development direction of the Middle East, Africa, Europe and the United States international market.

The determination of our Middle East strategic development plan marks a step forward for the Company to expand its business in the international market. The Company believes that:

1. The Middle East is an important partner of China's "Belt and Road Initiative", and its 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, and the strategic development in the Middle East is conducive to obtaining local policy, financing and other support.

2. The Middle East ranks first in the world in terms of oil production and reserves, and has a considerable market demand for oil and gas pipes and new energy transmission pipes. The Middle East is rich in natural energy resources. With a competitive position of developing green new energy, the potential demand for new energy transmission pipe is huge. The establishment of production facilities in the Middle East can better capture the market demand for products in the Middle East and North Africa.

3. The Company will build production facilities in the Middle East, which is conducive to the company to better serve local customers, provide customers with customised products and services, and further enhance the Company's international brand building. More conducive to the company's products in the international market expansion.

FINANCIAL REVIEW

Revenue

The Group recorded a total revenue of RMB3,850.0 million for the Year, representing a decrease of 8.9% from RMB4,227.8 million recorded for the year ended 31 December 2022. For the Year, the revenue of oil and gas pipes and new energy pipes and special seamless steel pipes decreased, while the revenue of other products increased.

	For the Year ended 31 December 2023		For the Year ended 31 December 2022		Changes	
	Sales	**Percentage of Sales**	Sales	Percentage of Sales	Sales	
	RMB million	***%***	*RMB million*	*%*	*RMB million*	*%*
Sale of:						
Oil and gas pipes	**2,459.9**	**63.9**	2,635.1	62.3	(175.2)	(6.6)
New energy pipes and special seamless steel pipes	**1,331.9**	**34.6**	1,567.9	37.1	(236.0)	(15.1)
Other products	**58.2**	**1.5**	24.8	0.6	33.4	134.7
Total	**3,850.0**	**100.0**	4,227.8	100.0	(377.8)	(8.9)

The Group recorded a decrease of 6.6% in the revenue of oil and gas pipes to RMB2,459.9 million (2022: RMB2,635.1 million), a decrease of 15.1% in the revenue of new energy pipes and special seamless steel pipes to RMB1,331.9 million (2022: RMB1,567.9 million), and an increase of 134.7% in the revenue of other products to RMB58.2 million (2022: RMB24.8 million).

The decrease in revenue of oil and gas pipes was mainly due to the decrease in selling price as a result of market downturn. The decrease in revenue of new energy pipes and special seamless steel pipes was mainly due to the decrease in sales volume and selling price as a result of insufficient domestic demand in the industry.

	For the Year ended 31 December 2023		For the Year ended 31 December 2022		Change	
	Sales	**Percentage of Sales**	Sales	Percentage of Sales	Sales	
	RMB million	***%***	*RMB million*	*%*	*RMB million*	*%*
Domestic Sales	**2,862.8**	**74.4**	3,077.7	72.8	(214.9)	(7.0)
Overseas Sales	**987.2**	**25.6**	1,150.1	27.2	(162.9)	(14.2)
Total	**3,850.0**	**100.0**	4,227.8	100.0	(377.8)	(8.9)

For the Year, the Group recorded a decrease of 14.2% in the revenue of overseas sales to RMB987.2 million (2022: RMB1,150.1 million), which is mainly due to the decrease in selling price as a result of the macroeconomic downtrend.

Cost of sales

The Group recorded a total cost of sales of RMB3,321.8 million for the Year, representing a decrease of 8.2% as compared to RMB3,616.9 million recorded for the year ended 31 December 2022, mainly due to the decrease in sales volume and the decrease in prices of raw materials.

Gross profit and gross margin

The Group's total gross profit for the Year was RMB528.2 million, representing a decrease of RMB82.7 million as compared to RMB610.9 million recorded for the year ended 31 December 2022. The Group's overall gross profit margin for the Year was 13.7%, representing a decrease of 0.8 percentage points from 14.5% for the year ended 31 December 2022. The decrease in gross profit and gross profit margin was mainly due to the decrease in selling prices as a result of the economic downturn intensifying in the second half of 2023.

Other income

For the Year, the Group's other income was RMB45.1 million, representing an increase of RMB11.9 million from RMB33.2 million recorded for the year ended 31 December 2022, mainly due to the increase of government grants.

Selling expenses

For the Year, the Group's selling expenses was RMB157.0 million, representing a decrease of 16.0% as compared to RMB186.9 million recorded for the year ended 31 December 2022, mainly due to the decrease in revenue.

Administrative expenses

For the Year, the Group's administrative expenses was RMB175.0 million, representing an increase of 2.0% as compared to RMB171.5 million recorded for the year ended 31 December 2022, mainly due to the increase of equity-settled share-based payment expenses.

Finance costs

For the Year, the finance costs of the Group was RMB89.0 million, representing a decrease of 18.2% as compared to RMB108.8 million recorded for the year ended 31 December 2022, mainly due to the decrease of loan interest rate and the decrease of discount costs on bills receivables.

Income tax

For the Year, the Group's income tax amounted to RMB17.8 million, representing a decrease of RMB7.6 million as compared to RMB25.4 million recorded for the year ended 31 December 2022, mainly due to the decrease in profit before taxation.

Profit for the Year

The Group's profit for the year was RMB134.5 million, representing a decrease of RMB17.1 million as compared to RMB151.6 million recorded for the year ended 31 December 2022, mainly due to the decrease in revenue and gross profit.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) and adjusted net 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 profit (non-IFRS measure) and adjusted net 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 profit (non-IFRS measure) and adjusted net 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:

	2023	2022
	RMB million	*RMB million*
Profit for the year	**134.5**	151.6
Add:		
–Equity-settled share-based payment expenses	**7.4**	2.9
Adjusted net profit (non-IFRS measure)	**141.9**	154.5
Adjusted net profit margin (non-IFRS measure)	**3.7%**	3.7%

Capital expenditure

For the Year, the Group invested RMB86.8 million in property, plant and equipment (2022: RMB86.7 million).

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 2023, cash at bank and on hand amounted to RMB432.6 million (31 December 2022: RMB464.9 million) and were mainly denominated in RMB, with certain amount denominated in Hong Kong dollars and US dollars.

As at 31 December 2023, interest-bearing borrowings of the Group amounted to RMB1,767.5 million, among which RMB591.3 million were long-term interest-bearing borrowings and RMB1,176.2 million were short-term interest-bearing borrowings and most of which were denominated in RMB and few of which were denominated in HK$. As at 31 December 2023, RMB1,580.2 million (31 December 2022: RMB1,802.3 million) of the interest-bearing borrowings of the Group have been charged at fixed interest rates.

Debt to equity 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 year end and multiplied by 100%, was 91.4%, representing a decrease of 13.6 percentage points from 105.0% at 31 December 2022, due to the decrease in long-term borrowings.

Current ratio, which is calculated based on the current assets divided by the current liabilities, decreased from 1.18 as at 31 December 2022 to 1.15 as at 31 December 2023.

Employees and remuneration policy

As at 31 December 2023, the Group had 1,658 employees (31 December 2022: 1,777 employees) in total, total staff costs (inclusive of Directors' emoluments) for the Year amounted to RMB227.6 million (2022: RMB231.4 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 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 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 2023, the Group's property, plant and equipment with carrying amount of RMB1,220.8 million and other chattels with carrying amount of RMB629.0 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 the growth of its 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 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.

Contingent liabilities

As at 31 December 2023, the Group does not have any contingent liabilities.

USE OF PROCEEDS FROM IPO

The shares of the Group 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)*	Total amount utilised as at 31 December 2023 *(RMB million)*	Unutilised proceeds as at 31 December 2023 *(RMB million)*	Unutilised proceeds as at 31 December 2022 *(RMB million)*
To fund the Phase Two Expansion	**339.2**	**(200.0)**	**127.8**	**11.4**	**29.9**
To strengthen the Group's product research and development and innovation capabilities	**9.2**	**–**	**3.8**	**5.4**	**5.4**
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**	**–**	**5.8**	**1.9**	**2.1**
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**	**–**	**365.0**	**18.7**	**37.4**

The unutilised net proceeds are kept in banks and approved financial institutions in Hong Kong and the PRC. As at the date of this announcement, the Company does not anticipate any further change in the planned use of the reallocated proceeds as described above. The remaining unutilized net proceeds as at 31 December 2023 are currently expected to be fully utilized on or before 31 December 2024. As disclosed in the Company's 2020 Annual Report, due to the impact of the Pandemic, the progress of the Phase Two Expansion has been delayed and therefore there will be a delay in the timing of the utilization of the proceeds (which are expected to be fully utilized on or before 31 December 2024).

DIVIDENDS

The Board recommended the payment of a final dividend of HK$0.04 per Share for the year (2022: HK$0.04), amounting to approximately HK$60.1 million (2022: approximately HK$59.9 million), to the shareholders of the Company whose names appear on the register of members of the Company on 30 May 2024 subject to the approval by the shareholders of the Company at the forthcoming AGM to be held on 22 May 2024.

PURCHASE, REDEMPTION OR SALE 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 UNDER REVIEW

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 Committee, and the Audit 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 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 Wednesday, 22 May 2024. 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 Friday, 17 May 2024 to Wednesday, 22 May 2024, 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 2024 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 Thursday, 16 May 2024.

For the purpose of determining members who are qualified for the proposed final dividend for the Year, and conditional on the passing of the resolution approving the declaration of the final dividend by the shareholders of the Company in the AGM, the register of members of the Company will also be closed from Tuesday, 28 May 2024 to Thursday, 30 May 2024 (both days inclusive), during which no transfer of shares can be registered. To qualify for the final dividend (which will be payable on or about Wednesday, 12 June 2024) to be approved at the AGM, shareholders of the Company must ensure that all transfer documents accompanied by the relevant share certificates must be lodged 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 no later than 4:30 p.m. on Monday, 27 May 2024.

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 2023 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.

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 2023 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

On behalf of the Board, the Board would like to take this opportunity to express its sincere gratitude to all staff of the Group for their dedication and cooperation and to all shareholders for their support.

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company to be held on 22 May 2024
"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
"CNOOC"	China National Offshore Oil Corporation (中國海洋石油有限公司)
"CNPC"	China National Petroleum Corporation (中國石油天然氣有限公司)
"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
"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
"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
“SINOPEC”	China Petroleum and Chemical Corporation (中國石油化工集團公司)
“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”	the year ended 31 December 2023
“%”	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, 22 March 2024

As at the date of this announcement, the Board comprises Mr. Meng Fanyong, Mr. Zhang Hongyao, Ms. Xu Wenhong, Mr. Meng Yuxiang, Ms. Gan Shuya, 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.