

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MAIKE TUBE INDUSTRY HOLDINGS LIMITED

(迈科管业控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1553)

ANNOUNCEMENT OF RESULT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board hereby announces results of the Group for the year ended 31 December 2024.

FINANCIAL HIGHLIGHTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	Change
Revenue	2,574,330	2,190,942	17.5%
Gross profit	378,421	383,539	-1.3%
Gross profit margin	14.7%	17.5%	
Profit for the year	141,820	152,861	-7.2%
Earnings per share			
— Basic (<i>RMB yuan</i>)	0.33	0.35	-5.7%
Dividend per share			
— Interim	Nil	Nil	
— Final	<u>HKD12 cents</u>	<u>HKD12 cents</u>	
— Full year	<u>HKD12 cents</u>	<u>HKD12 cents</u>	

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“AGM”	Annual General Meeting
“ASP”	Average selling price
“Board”	The board of Directors
“China” or “PRC”	The People’s Republic of China
“Company”	Maike Tube Industry Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 1 February 2019 and the Shares of which are listed on the Main Board of the Stock Exchange
“Delta Electric”	Delta Electric (Thailand) Company Limited (泰國達美電力有限公司), a company incorporated under the laws of Thailand on 13 January 2021 and is an indirectly non wholly owned subsidiary of the Company
“Director(s)”	Director(s) of the Company
“ERW” or “electric technology resistance welding”	The acronym for electric resistance welding, a welding used in the manufacture of pipes under which pipes are made from strips of hot rolled steel coil which are passed through forming rolls and welded by using heat generated by high frequency electric current passing over the surface of the strips
“ERW steel pipe(s)”	Steel pipes formed by utilising ERW technology
“Group”	The Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HVAC”	Heating, ventilation and air conditioning
“Jinan Ma Steel”	Jinan Magang Steel Pipes Manufacturing Company* (濟南瑪鋼鋼管製造有限公司), a company established under the laws of the PRC as a limited liability company on 7 November 2001 and is an indirect wholly-owned subsidiary of the Company

“Jinan Mech”	Jinan Mech Piping Technology Co., Ltd* (濟南邁科管道科技有限公司), a company established under the laws of the PRC with limited liability company on 21 May 2013 and is an indirect wholly-owned subsidiary of the Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Prospectus”	prospectus of the Company dated 29 November 2019
“reporting period”	the year ended 31 December 2024
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Shareholder(s)”	holders of the ordinary shares of the Company with a nominal value of USD0.0001 each
“SSAW steel pipe(s)”	spiral submerged arc welded steel pipes which formed by utilising submerged arc welding technology with spiral weld seam, i.e., pipes made from strips of hot rolled steel plates formed helically into cylinders and then welded as they are formed
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	Thai Baht, the lawful currency of Thailand
“USD” or “US\$”	United States dollar, the lawful currency of United States
“Vietnam Piping”	Viet Nam Piping Industries Company Limited (越南管業科技有限公司), a company incorporated under the laws of Vietnam on 7 January 2019 and is an indirectly wholly-owned subsidiary of the Company
“VND”	Vietnamese Dong, the lawful currency of Vietnam

In this announcement, “we”, “us” or “our” refers to the Company and where the context otherwise requires, the Group (as defined above).

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group primarily engages in (i) the manufacturing and sales of standard prefabricated pipe nipple products; (ii) the manufacturing and sales of steel pipe products; and (iii) the design and supply assembled piping systems. We also conducted sales of raw materials that were procured from the suppliers and left unused, including steel coils.

The standard prefabricated pipe nipple products of the Group are used in pipe system to connect straight pipes or pipe sections, which can be adjusted to different sizes or shapes. Standard prefabricated pipe nipple products and steel pipes products feature different specifications, such as length, outside diameter and surface treatment, which cater for various needs of the Group's customers and comply with international standards. We directly or indirectly sold most of our standard prefabricated pipe nipple products and customized steel pipe products to overseas markets. Our welded steel pipe products are roughly classified into standard ERW steel pipes and SSAW steel pipes. Our Group has received certifications in quality control including, among other things, the ISO9001 certification, ISO14001 certification and OHSAS18001 certification. Our products are widely applied in the municipal pipeline system designed for natural gas, water supply, sewage, HVAC and fire extinguish water pipes. Leveraging our industry knowledge and expertise, we also design and supply assembled piping system for our customers, who would seek technical advice or suggestions on the design and/or engineering solutions for their desired assembled piping systems through building information modeling and three-dimension design system to minimize wastage of material and improve efficiency, thus reducing production costs.

During the reporting period, in the face of the impact of the contraction of the real estate industry and the decline in demand for steel pipes in the domestic market, as well as challenges such as trade protectionism and geopolitical conflicts in the overseas market, the Group, led by the Board, capitalized on its advantages in the sharing of market resources and technological research and development, and conducted deployment of improving our management strategies for the year, and thus our employees were able to navigate challenging circumstances and devote their efforts to innovation. For the year ended 31 December 2024, the Group recorded revenue of approximately RMB2,574.3 million, representing a year-on-year increase of 17.5%, and achieved an accumulated net profit of approximately RMB141.8 million, representing a year-on-year decrease of 7.2%.

NEW ORDERS

For the year ended 31 December 2024, the Group received new orders for approximately 24,000 tons of standard prefabricated pipe products, of which approximately 98.2% were from overseas customers; we also received new orders for approximately 250,000 tons of steel pipe products, of which approximately 62.1% were from domestic customers. During the year ended 31 December 2024, the Group had delivered approximately 23,300 tons of standard prefabricated pipe products (including Vietnam Piping and Delta Electric) and approximately 240,000 tons of steel pipe products.

STANDARD PREFABRICATED PIPE PRODUCTS

The standard prefabricated pipe products are our key competitive products. For the year ended 31 December 2024, our revenue from standard prefabricated pipe products amounted to approximately RMB393.6 million, accounting for 15.3% of the total revenue of the Group; for the year ended 31 December 2023, our revenue from standard prefabricated pipe products amounted to approximately RMB308.8 million, accounting for 14.1% of the total revenue of the Group. The revenue of standard fabricated pipe products increased by 27.5% as compared to the corresponding period last year, due to an increase in sales volume.

STEEL PIPE PRODUCTS

Our steel pipe products are made through rolling steel plate and welding the seam, and are mainly used for gas, water supply, HVAC and fire extinguishment. In order to meet the personal demand of customers, the Group produced standard steel pipes with value-added processes under customised requirements of customers, including but not limited to pipe body processing, non-standardised surface treatment, pipe end processing, thickened galvanisation, and internal smoothing. For the year ended 31 December 2024, our ERW steel pipes, SSAW steel pipes and customised steel pipes recorded revenues of approximately RMB304.5 million, RMB507.7 million and RMB377.0 million, respectively, representing a year-on-year decrease of 18.3% and 16.1% for ERW steel pipes and SSAW steel pipes, and a year-on-year increase of 39.5% for customised steel pipes as compared to the corresponding period in 2023, respectively. The decrease in ERW steel pipes and SSAW steel pipes was mainly due to the decrease in sales volume and selling prices, while the increase in customised steel pipes was mainly due to the increase in sales volume. The total revenue generated from steel pipe products accounted for approximately 46.2% of the total revenue for the year ended 31 December 2024.

DESIGN AND SUPPLY ASSEMBLED PIPING SYSTEM

Leveraging our industry experience, we are able to design and supply assembled piping systems to our customers to satisfy various physical and functional characteristics of our customers' designated sites. For the year ended 31 December 2024, our design and supply assembled piping system recorded the revenue of approximately RMB41.1 million, representing a year-on-year increase of approximately 23.8% as compared to the corresponding period in 2023. The increase was mainly due to an increase in the delivery of orders to our customers, accounting for approximately 1.6% of the total revenue for the year ended 31 December 2024.

TRADING OF STEEL COILS

Steel coils are the major raw materials for the Group's products. To obtain preferential purchasing terms, the Group entered into an annual sales and purchase agreement with steel mills at the beginning of the year, under which all steel coils are required to be picked up within a specified period each month and transferred to storage locations under the control of the Group. The steel coils purchased are prioritized for production and the remaining portion is sold on a cash-before-delivery basis for a gross profit margin of approximately 0.3%. For the year ended 31 December 2024, the Group recorded revenue of approximately RMB950.0 million from trading of steel coils, representing a year-on-year increase of approximately 58.2% compared to the corresponding period in 2023. The increase was mainly due to the Group considered that this business risk is controllable, which not only reduces production costs but also allows for profit from external sales. At the beginning of the year, the Group increased the procurement volume agreed with steel mills to hedge against the risk of steel coil price fluctuations and fulfill procurement agreements. The sale of surplus steel coils from production led to a significant increase in steel coil sales revenue.

FINANCIAL REVIEW

The Group's revenue is generated from (i) sales of standard prefabricated pipe products; (ii) sales of steel pipe products; (iii) sales of the design and supply assembled piping systems; and (iv) sales of raw materials mainly including steel coils that were left unused and procured from its suppliers.

For the year ended 31 December 2024, our total revenue was approximately RMB2,574.3 million, representing an increase of approximately RMB383.4 million or 17.5% as compared to the year ended 31 December 2023. The increase in revenue was mainly due to an increase in the sales volume of steel coils and standard prefabricated pipe products.

Sales by product categories

The following table sets forth the breakdown of our revenue, sales volume, ASP by product categories for the years indicated:

	2024			
	Revenue <i>RMB'000</i>	% of total	Sales volume <i>ton'000</i>	ASP <i>RMB/ton</i>
Standard prefabricated pipe nipples	393,604	15.3%	23.3	16,893
Steel pipe products				
ERW steel pipes	304,497	11.8%	68.2	4,465
SSAW steel pipes	507,659	19.7%	101.7	4,992
Customised steel pipes	376,973	14.7%	70.1	5,378
Design and supply assembled piping system	41,131	1.6%	N/A	N/A
Trading of steel coils	949,988	36.9%	293.7	3,235
Others	478	0.0%	N/A	N/A
Total	<u>2,574,330</u>	<u>100.0%</u>	<u>557.0</u>	<u>4,622</u>

	2023			
	Revenue <i>RMB'000</i>	% of total	Sales volume <i>ton'000</i>	ASP <i>RMB/ton</i>
Standard prefabricated pipe nipples	308,794	14.1%	16.1	19,180
Steel pipe products				
ERW steel pipes	372,668	17.0%	74.2	5,022
SSAW steel pipes	604,972	27.6%	119.6	5,058
Customised steel pipes	270,164	12.4%	49.7	5,436
Design and supply assembled piping system	33,163	1.5%	N/A	N/A
Trading of steel coils	600,523	27.4%	169.1	3,551
Others	658	0.0%	N/A	N/A
Total	<u>2,190,942</u>	<u>100.0%</u>	<u>428.7</u>	<u>5,111</u>

The revenue generated from sales of standard prefabricated pipe products amounted to approximately RMB393.6 million for the year ended 31 December 2024, representing an increase of approximately RMB84.8 million or 27.5% as compared to the year ended 31 December 2023, which was mainly due to the increase in sales volume.

The revenue generated from ERW steel pipes decreased by approximately RMB68.2 million or 18.3% from the year ended 31 December 2023 to approximately RMB304.5 million for the year ended 31 December 2024, which was mainly due to the decrease in sales volume and selling price of products; the revenue generated from SSAW steel pipes decreased by approximately RMB97.3 million or 16.1% from the year ended 31 December 2023 to approximately RMB507.7 million for the year ended 31 December 2024, which was mainly due to the decrease in sales volume; the revenue generated from customised steel pipes increased by approximately RMB106.8 million or 39.5% from the year ended 31 December 2023 to approximately RMB377.0 million for the year ended 31 December 2024.

The revenue generated from design and supply assembled piping system increased by approximately RMB7.9 million or 23.8% from approximately RMB33.2 million for the year ended 31 December 2023 to approximately RMB41.1 million for the year ended 31 December 2024. The increase was mainly due to the increase in the delivery of orders to our customers.

The revenue generated from steel coils increased by approximately RMB349.5 million or 58.2% for the year ended 31 December 2023 to approximately RMB950.0 million for the year ended 31 December 2024, mainly due to the increase in sales volume. The increase was mainly due to the Group considered that this business risk is controllable, which not only reduces production costs but also allows for profit from external sales. At the beginning of the year, the Group increased the procurement volume agreed with steel mills to hedge against the risk of steel coil price fluctuations and fulfill procurement agreements. The sale of surplus steel coils from production led to a significant increase in steel coil sales revenue.

Sales by geographical regions

The following table sets forth the breakdown of our revenue by geographical regions of our products for the years indicated:

	2024		2023	
	Revenue	% of total	Revenue	% of total
	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue
Domestic market				
PRC	1,751,393	68.0%	1,451,736	66.3%
Overseas markets				
The United States	313,524	12.2%	227,723	10.4%
Other countries in Americas (excluding the United States)	183,057	7.1%	136,928	6.3%
Other countries in Asia (excluding the PRC)	260,933	10.1%	311,753	14.2%
Europe	25,178	1.0%	29,249	1.3%
Others	40,245	1.6%	33,553	1.5%
Total	<u>2,574,330</u>	<u>100.0%</u>	<u>2,190,942</u>	<u>100.0%</u>

Note: Other countries in Americas (excluding the United States) comprise the continents of North and South America; others mainly include Oceania and Africa.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit decreased by approximately 1.3% or RMB5.1 million from approximately RMB383.5 million for the year ended 31 December 2023 to approximately RMB378.4 million for the year ended 31 December 2024. The decrease was mainly attributable to the decline in sales volume of ERW steel pipe products and SSAW steel pipes. Gross profit margin decreased by 2.8% compared to the corresponding period in 2023.

OTHER INCOME

For the year ended 31 December 2024, other income mainly represents government grant and interest income, which increased from approximately RMB9.7 million for the year ended 31 December 2023 by approximately 135.3% or RMB13.1 million to approximately RMB22.8 million for the year ended 31 December 2024. The increase in other income was mainly due to the increase in government grant by approximately RMB10.1 million, and the increase in bank interests by RMB3.0 million.

OTHER GAINS AND LOSSES

For the year ended 31 December 2024, other gains and losses mainly represent gains on sales of scrap materials, fair value gains on structured bank deposits, fair value gains or losses on foreign currency forward contracts, fair value gains on derivative financial instruments and net exchange gains. Other gains and losses for the year ended 31 December 2024 increased by approximately 212.7% to approximately RMB19.7 million (2023: RMB6.3 million) as compared with the corresponding period in 2023. Changes in other gains and losses were mainly attributable to gains on sales of scrap materials of approximately RMB9.3 million as compared to the gains on scrap of RMB8.6 million in the corresponding period in 2023; and gains from foreign exchange of approximately RMB8.1 million in 2024 as compared to the gains of approximately RMB1.2 million in the corresponding period in 2023.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses increased from approximately RMB87.1 million for the year ended 31 December 2023 by approximately 8.7% or RMB7.6 million to approximately RMB94.7 million for the year ended 31 December 2024, which was primarily due to (i) the increase in sea freight expenses; and (ii) the increase in business expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from approximately RMB59.2 million for the year ended 31 December 2023 by approximately 8.6% or RMB5.1 million to approximately RMB64.3 million for the year ended 31 December 2024, which was primarily due to the increase in remuneration of management staff.

RESEARCH AND DEVELOPMENT COSTS

The cost of research and development increased from approximately RMB68.0 million for the year ended 31 December 2023 by approximately 3.1% or RMB2.1 million to approximately RMB70.1 million for the year ended 31 December 2024. Our research and development costs accounted for approximately 2.7% of the total revenue (corresponding period in 2023: approximately 3.1%).

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

The impairment losses under expected credit loss model, net of reversal amounted to approximately RMB12.7 million for the year ended 31 December 2024 (corresponding period in 2023: approximately RMB5.1 million), mainly due to (1) the increase in trade receivables by RMB192.3 million; (2) the extended payment cycle of some customers.

FINANCE COSTS

Finance costs increased from approximately RMB6.7 million for the year ended 31 December 2023 by approximately 23.9% or RMB1.6 million to approximately RMB8.3 million for the year ended 31 December 2024, which was primarily due to an increase in discounted notes.

TAXATION CHARGE

Taxation charge increased from RMB20.5 million for the year ended 31 December 2023 to RMB29.0 million for the year ended 31 December 2024.

PROFIT FOR THE YEAR

Profit for the year decreased by approximately 7.3% or RMB11.1 million from RMB152.9 million for the year ended 31 December 2023 to RMB141.8 million for the year ended 31 December 2024, which was mainly due to (1) the decrease in gross profit; (2) the increase in impairment losses under expected credit loss model.

Capital structure, liquidity and financial resources

	For the year ended 31	
	December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(158,939)	(20,389)
Net cash used in investing activities	(158,455)	(180,755)
Net cash generated from financing activities	322,302	214,545
Net increase in cash and cash equivalents	4,908	13,401
Cash and cash equivalents at the beginning of the year	71,943	57,760
Effect of foreign exchange rate changes	443	782
Cash and cash equivalents at the end of the year	<u>77,294</u>	<u>71,943</u>

Gearing ratio

As at 31 December 2024, the gearing ratio of the Group, calculated based on the total interest-bearing debts divided by the total equity of the Company as at the respective period and multiplied by 100%, was approximately 6.1% (31 December 2023: approximately 3.7%). As at 31 December 2024, our total interest-bearing debts amounted to RMB69.1 million. The increase in gearing ratio was primarily attributable to the increase in bank loans.

NET CASH USED IN OPERATING ACTIVITIES

Our net cash used in operating activities changed from a net outflow of approximately RMB20.4 million for the year ended 31 December 2023 to a net outflow of approximately RMB158.9 million for the year ended 31 December 2024. The change in net cash used in operating activities was mainly due to (1) the increase in trade and bill receivables; (2) the increase in prepayments.

NET CASH USED IN INVESTING ACTIVITIES

Our net cash used in investing activities changed from a net outflow of approximately RMB180.8 million for the year ended 31 December 2023 to a net outflow of approximately RMB158.5 million for the year ended 31 December 2024. The change in net cash was primarily due to the decrease in the deposits' margin increase.

NET CASH GENERATED FROM FINANCING ACTIVITIES

Our net cash from financing activities changed from a net inflow of approximately RMB214.5 million for the year ended 31 December 2023 to a net inflow of approximately RMB322.3 million for the year ended 31 December 2024. The change in net cash generated from financing activities was primarily due to (1) the increase in bank borrowings; (2) the increase in bill payables.

NET CURRENT ASSETS AND LIABILITIES

Inventories

Our balance of inventories decreased by approximately RMB5.3 million or 1.9% from approximately RMB280.0 million as at 31 December 2023 to approximately RMB274.7 million as at 31 December 2024, which was mainly driven by the decrease in inventory of raw materials and steel coils.

TRADE RECEIVABLES AND TRADE RECEIVABLES BACKED BY BILLS

Our trade receivables increased by approximately RMB192.3 million or 35.7% from approximately RMB538.9 million as at 31 December 2023 to approximately RMB731.2 million as at 31 December 2024, mainly due to the increase in shipments to trade customers in the fourth quarter of the reporting period, resulting in cash collections subsequent to the end of the reporting period. As of 20 March 2025, cash collections of trade receivable subsequent to the end of the reporting period amounted to RMB359.9 million, with a collection ratio of 49.2%.

Trade receivables over one year increased by approximately RMB128.7 million or 345% from approximately RMB37.3 million as of 31 December 2023 to approximately RMB166.0 million as of 31 December 2024, mainly due to the increase in shipments to project-based direct customers of spiral pipe products in 2023, with payments yet to be received. These customers are central state-owned enterprises leading livelihood projects, with delayed payment of funds but a low possibility of being unrecoverable. Regarding the management of trade receivables, the Group has established a comprehensive credit assessment system, with robust internal controls over contract signing, order issuance, goods delivery and receipt, confirmation, collection of overdue payments, impairment testing, and other management tasks. The Group's management regularly visits clients and has obtained commitments for repayment from relevant customers, collecting trade receivables as promised. The Directors believe that the impairment losses under expected credit loss model currently provided by the Group appropriately reflect the risks associated with trade receivables.

Our trade receivables backed by bills increased by approximately RMB64.3 million or 574% from approximately RMB11.2 million as at 31 December 2023 to approximately RMB75.5 million as at 31 December 2024, mainly due to the outstanding bank bills previously received.

CONTRACT ASSETS

Our contract assets increased from approximately RMB20.8 million as of 31 December 2023 to approximately RMB30.1 million as of 31 December 2024, mainly due to the increase in retention receivables on sales of pipe products.

DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Our deposits, prepayments and other receivables increased from approximately RMB146.6 million as at 31 December 2023 to approximately RMB197.3 million as at 31 December 2024, mainly due to the increase in prepayment for raw materials.

AMOUNTS DUE FROM/TO RELATED PARTIES

Amounts due from related parties decreased from approximately RMB17.8 million as at 31 December 2023 to approximately RMB15.4 million as at 31 December 2024, mainly due to the decrease in unsettled trade amounts at the end of the reporting period.

Amounts due to related parties increased from approximately RMB2.5 million as at 31 December 2023 to approximately RMB6.1 million as at 31 December 2024, mainly due to the increase in unsettled payables at the end of the reporting period.

TRADE AND BILL PAYABLES

Our trade and bill payables increased from approximately RMB415.2 million as of 31 December 2023 to approximately RMB625.7 million as of 31 December 2024, mainly due to an increase in bill payables.

CONTRACT LIABILITIES

Our contract liabilities increased from approximately RMB60.8 million as of 31 December 2023 to RMB157.0 million as of 31 December 2024, which was related to the timing of delivery of products to our customers

REFUND LIABILITIES

Our refund liabilities increased from approximately RMB5.3 million as of 31 December 2023 to approximately RMB5.6 million as of 31 December 2024.

OTHER PAYABLES AND ACCRUED CHARGES

Our other payables and accrued charges increased from approximately RMB84.6 million as of 31 December 2023 to approximately RMB90.1 million as of 31 December 2024, which was mainly due to the increase in accrued charges.

PROVISIONS

Our provisions decreased from approximately RMB3.1 million as of 31 December 2023 to approximately RMB2.5 million as of 31 December 2024. Provisions represent warranty provided for our sold products.

BORROWINGS

Our borrowings increased from approximately RMB38.4 million as of 31 December 2023 to approximately RMB69.1 million as of 31 December 2024, mainly due to the increase in bank loans. The Group's borrowing of approximately RMB69.1 million as at 31 December 2024 was repayable within one year.

LEASE LIABILITIES

As of 31 December 2024, the Group rented three properties in PRC, Vietnam and Thailand as its warehouses and the lease liabilities were measured at the present value of the lease payments that are not yet paid. We recorded lease liabilities of approximately RMB3.2 million.

FOREIGN CURRENCY RISK

A substantial majority of our assets and liabilities are denominated in RMB, except for the following items:

- (i) certain bank balances are denominated in USD, HKD, VND and THB;
- (ii) sales of goods to overseas customers and related trade receivables are denominated in USD.

The appreciation or devaluation of RMB against USD or HKD or VND or THB may have an impact on the financial performance of the Group. The Group mainly manages potential fluctuations in foreign exchange through foreign currency forward contracts, and it has not entered into any hedging transactions.

DIVIDEND

The Board has recommended the payment of a final dividend of HKD12 cents per ordinary share of the Company issued (approximately HKD52,056,000 in aggregate) for the year ended 31 December 2024 in cash (2023: HKD12 cents).

PLEDGE OF ASSETS

As at 31 December 2024, our Group pledged certain property, plant, equipment, right-of-use assets and pledged bank deposits with the total net carrying amount of approximately RMB332.2 million (31 December 2023: approximately RMB263.1 million) to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2024, there were no significant investments held by the Group, and the Company had no material acquisition and disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have any other plans for material investments or capital assets during the year ended 31 December 2024 and up to the date of this announcement.

EMPLOYEES

For the year ended 31 December 2024, labour costs (including Directors' remunerations and emoluments in other forms) were approximately RMB122.4 million (for the year ended 31 December 2023: RMB118.9 million). Our Group's employees are generally remunerated by way of fixed salary, and commission will be awarded to our marketing staff if they have achieved certain sales targets. The Group utilises an appraisal system for our employees and considers the appraisal results of individual employees when conducting their salary reviews, making promotion decisions and determining the amount of bonuses. Our Group's employees are also entitled to a performance-based bonus, paid leave and various subsidies. As the Group believes that nurturing outstanding employees is particularly important for the development of enterprises, it provides employees with sufficient training to ensure that they can carry out their work safely and with due diligence. Employees in different positions are provided with various training and development programmes related to their necessary skills and knowledge.

As of 31 December 2024, we had 1,229 employees (31 December 2023: 1,070 employees), 1037 of whom are in the PRC (including Hong Kong), 121 of whom work in Vietnam, and 71 of whom work in Thailand. A breakdown of our employees by functions is set forth below:

Function	As of 31 December 2024		
	China (including Hong Kong)	Vietnam	Thailand
Managerial, administrative and accounts	65	6	7
Production	661	113	62
Quality control	25	1	1
Procurement and inventory	33	1	1
Research and development	114	—	—
Sales and marketing	139	—	—
Total number of employees	<u>1037</u>	<u>121</u>	<u>71</u>

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 30 December 2024, Jinan Mech, an indirect wholly-owned subsidiary of the Company (as vendor) and Meide Group Co., Ltd.* (玫德集團有限公司) (“**Meide**”) (as purchaser) entered into the equity transfer agreement, pursuant to which Jinan Mech has conditionally agreed to sell, and Meide has conditionally agreed to acquire the entire equity interest in Shandong Maike Smart Technology Limited* (山東邁科智能科技有限公司) (“**Maike Smart**”), a direct wholly-owned subsidiary of Jinan Mech, at the total consideration of RMB45,000,000 (the “**Disposal**”). The Disposal constitutes a discloseable and connected transaction of the Company. As at the date of this announcement, the Disposal is yet to complete.

On 30 December 2024, the Company on behalf of the Group and Meide on behalf of Meide and its subsidiaries entered into the 2025 products supply framework agreement and 2025 products purchase framework agreement to renew and revise the products supply framework agreement dated 29 December 2021 and the products purchase framework agreement dated 29 December 2021 for a further term of three years from 1 January 2025 to 31 December 2027, respectively. The transactions constitute continuing connected transactions of the Company.

For details, please refer to the Company's announcements dated 30 December 2024, 17 January 2025, and 24 March 2025 and circular dated 28 February 2025.

Save as disclosed, there were no significant events subsequent to 31 December 2024 which would materially affect the Group's operating and financial performance as of the date of this announcement.

PROSPECTS

In 2024, the domestic steel pipe industry faced pressure from low demand due to the real estate downturn, increased costs from environmental upgrades, raw material price fluctuations, and low-price competition caused by overcapacity. The international market faced challenges such as trade protectionism, weakened export demand due to sluggish global economic recovery, and increased compliance costs from green trade barriers, coupled with exchange rate fluctuations and international capacity expansion, further squeezed profit margins. In 2025, the growth points for domestic and international steel pipe demand will be characterized as "high-end, green, and regionalization". Domestically, the focus will be on the dual drivers of new energy and traditional upgrades, while overseas, it will be crucial to seize opportunities in Middle Eastern hydrogen energy, European transformation, and Southeast Asian infrastructure. We will leverage technological breakthroughs and a global capacity deployment to capture incremental markets.

Based on current situation, the Group will strengthen its own capacity building. It will adopt the following strategies to realize sustainable growth, further enhance its position in the pipe prefabrication industry, and create long-term value for the Shareholders: (1) Marketing: deepen market penetration overseas to maintain market share, and seize opportunities in untapped areas; domestically, leverage resources to qualify and expand the market through projects; (2) Production: continuously increase capacity, improve quality, and reduce costs; (3) Digitalization: integrate data horizontally and operations vertically, enhance management through digital empowerment; and (4) Team Building: continuously advance organizational capability enhancement and build a high-performance team.

RISK MANAGEMENT

Our management has designed and implemented a risk management policy to address various potential risks identified in relation to the operation of our businesses, including strategic, operational, financial and legal risks. Our risk management policy sets forth procedures to identify, analyse, categorise, mitigate and monitor various risks. Our Board is responsible for overseeing the overall risk management system and assessing and updating our risk management policy on a quarterly basis. Our risk management policy also sets forth the reporting hierarchy of risks identified in our operations.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The major pollutants generated by the Group in the manufacturing process include various kinds of exhaust gas and wastewater which could be harmful to human body. We comply with Chinese, Vietnamese and Thai environmental laws and regulations promulgated by national and local governments. During the reporting period, we implemented a series of optimization measures on the existing environmental pollution control system. In terms of dust removal exhaust pipelines, a deep optimization and transformation project is being carried out for two sets of key dust removal pipelines. Through detailed simulation and adjustment of airflow direction within the pipeline, adjusting the size and position of the exhaust pipe, and combining intelligent variable frequency control technology, we precisely match the fan speed with actual working conditions requirements, successfully achieving a reduction in energy consumption of dust removal and pollution control facilities by 10%, significantly reducing operating costs while ensuring stable and efficient dust removal performance. For the volatile-organic-compounds (VOCs) pollution control system, a comprehensive upgrade process has been initiated, decisively eliminating more than ten sets of facilities such as photo-oxygen low-temperature plasma that no longer meet the current high-standard pollution control requirements. With the precise distributed control system (DCS), not only has the removal efficiency of VOCs been significantly improved, but the stability and reliability of system operation have also been greatly enhanced, comprehensively elevating the pollution control level of environmental protection facilities to ensure that various volatile organic compounds are discharged in compliance with standards. In the field of comprehensive water resource utilization, sewage stations have become key focal points for green transformation. By extensively expanding the scope of reclaimed water reuse, a new intelligent allocation of reclaimed water treatment pipeline network has been established to precisely connect with the factory area's greening irrigation system. Especially during the dry season, fully utilizing the potential of reclaimed water has increased the substitution rate of reclaimed water for greening purposes to 70%, effectively reducing the use of fresh water resources. This achieves a green circular flow of water resources within the plant area, helping the enterprise reach new heights in green production and contributing solidly to ecological environmental protection.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	3	2,574,330	2,190,942
Cost of sales		<u>(2,195,909)</u>	<u>(1,807,403)</u>
Gross profit		378,421	383,539
Other income	5	22,756	9,672
Other gains and losses	5	19,668	6,309
Distribution and selling expenses		(94,721)	(87,119)
Administrative expenses		(64,273)	(59,211)
Research and development costs		(70,057)	(68,037)
Impairment losses under expected credit loss model, net of reversal		(12,651)	(5,137)
Finance costs	7	<u>(8,304)</u>	<u>(6,690)</u>
Profit before taxation	6	170,839	173,326
Income tax expense	8	<u>(29,019)</u>	<u>(20,465)</u>
Profit for the year		<u>141,820</u>	<u>152,861</u>
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		<u>(4,123)</u>	<u>(2,473)</u>
Total comprehensive income for the year		<u>137,697</u>	<u>150,388</u>
Profit (loss) for the year attributable to:			
– Owners of the Company		142,338	153,731
– Non-controlling interests		<u>(518)</u>	<u>(870)</u>
		<u>141,820</u>	<u>152,861</u>
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		138,206	151,264
– Non-controlling interests		<u>(509)</u>	<u>(876)</u>
		<u>137,697</u>	<u>150,388</u>
Earnings per share			
– Basic (RMB yuan)	9	<u>0.33</u>	<u>0.35</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		465,268	409,803
Deferred tax assets		5,052	4,648
Prepayments for plant and equipment		1,401	1,409
		<u>471,721</u>	<u>415,860</u>
Current assets			
Inventories		274,736	279,969
Trade receivables	10	731,200	538,907
Trade receivables backed by bills		75,450	11,150
Contract assets		30,107	20,810
Tax recoverable		324	1,036
Deposits, prepayments and other receivables		197,260	146,614
Amounts due from related parties		15,383	17,754
Pledged bank deposits		246,867	172,775
Time deposits		13,821	18,483
Cash and cash equivalents		77,294	71,943
		<u>1,662,442</u>	<u>1,279,441</u>
Current liabilities			
Trade and bill payables	14	625,710	415,233
Contract liabilities		157,031	60,822
Derivative financial instruments		186	22
Refund liabilities		5,562	5,281
Other payables and accrued charges		90,130	84,626
Amounts due to related parties		6,075	2,486
Provisions		2,541	3,132
Tax liabilities		5,880	2,947
Borrowings	12	69,127	38,362
Lease liabilities		1,143	1,528
Deferred income		1,466	1,440
		<u>964,851</u>	<u>615,879</u>

	<i>NOTES</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net current assets		<u>697,591</u>	<u>663,562</u>
Total assets less current liabilities		<u>1,169,312</u>	<u>1,079,422</u>
Non-current liabilities			
Lease liabilities		2,023	3,068
Deferred tax liabilities		16,897	14,858
Deferred income		<u>9,049</u>	<u>10,536</u>
		<u>27,969</u>	<u>28,462</u>
Net assets		<u><u>1,141,343</u></u>	<u><u>1,050,960</u></u>
Capital and reserves			
Share capital	<i>11</i>	304	304
Reserves		<u>1,137,118</u>	<u>1,046,226</u>
Attributable to owners of the Company		1,137,422	1,046,530
Non-controlling interests		<u>3,921</u>	<u>4,430</u>
Total equity		<u><u>1,141,343</u></u>	<u><u>1,050,960</u></u>

NOTES

1. GENERAL INFORMATION

Maike Tube Industry Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The immediate holding company is Ying Stone Holdings Limited (“**Ying Stone**”), which was incorporated in the British Virgin Islands (the “**BVI**”) and entirely owned by Mr. Kong Linglei (孔令磊) (“**Mr. Kong**”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporation Information” section of the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the manufacturing of steel pipe products and the prefabricated pipe nipple products. The Company and its subsidiaries are collectively referred as the “Group”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards—Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000
<i>Types of goods or service:</i>		
Sales of pipe products:		
– Spiral submerged arc welded steel pipes	507,659	604,972
– Standard prefabricated pipe nipples	393,604	308,794
– Customised steel pipes	376,973	270,164
– ERW steel pipes	304,497	372,668
– Design and supply assembled piping system	41,131	33,163
	<u>1,623,864</u>	<u>1,589,761</u>
Trading of steel coils	949,988	600,523
Others	478	658
	<u>2,574,330</u>	<u>2,190,942</u>
<i>Geographical markets:</i>		
PRC	1,751,393	1,451,736
Others	822,937	739,206
	<u>2,574,330</u>	<u>2,190,942</u>
<i>Timing of revenue recognition:</i>		
A point in time	2,573,852	2,190,284
Over time	478	658
	<u>2,574,330</u>	<u>2,190,942</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

The Group sells ERW steel pipes products, standard prefabricated pipe nipples products, spiral submerged arc welded steel pipes products, customised steel pipes products, design and supply assembled piping system to customers and trade steel coils with customers. For sales of goods, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location and inspected by the customers or completed the customs declaration or the goods have been loaded into shipper's trucks (delivery). Transportation and other related activities that occur before customers obtains control of the related good are considered as fulfilment activities. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The credit term is generally 15 to 360 days upon delivery.

The Group engages in trading of steel coils. The Group concluded that, taking into consideration factors such as the Group being primarily responsible for fulfilling its promise to provide products, since the Group acts as the principal for such transactions as it controls the specified goods before it is transferred to the customer, the Group is exposed to inventory risk. When the Group satisfies the performance obligation, the Group recognises revenue in the total consideration to which the Group expects to be entitled as specified in the contracts.

Taking into consideration factors such as the Group not being primarily responsible for fulfilling its promise or exposed to inventory risk, the Group did not obtain control over steel coils before transferring to customers. Hence, the Group is considered as an agent for its contracts with customers relating to the sales of steel coils. When the Group satisfies the performance obligation, the Group recognises a commission revenue in the amount it expects to be entitled as specified in the contracts, which amounted to 1% of the total consideration as specified in the contracts.

During the year ended 31 December 2024, the Group recognised revenue relating to principal trading of RMB949,351,000 and agent trading of RMB637,000 (2023: RMB600,523,000 and RMBNil).

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 6 to 24 months from the date of the acceptance of the pipe products. The relevant amount of contract assets is reclassified to trade receivables when the defect liability period expires.

Sales-related warranties associated with pipe products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its previous accounting treatment.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

During the year ended 31 December 2024 and 2023, all performance obligations for sales of goods are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. SEGMENT INFORMATION

The Group's operation is derived from the production and sales of pipe products in the PRC, Vietnam and Thailand. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. the chief executive officer) reviews the overall results and financial position of the Group as a whole. Accordingly, no operating segment is presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the destination of goods in the sales orders/contracts. Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Year ended 31 December		As at 31 December	
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	1,751,393	1,451,736	397,564	387,705
The United States of America ("US")	313,524	227,723	—	—
Other countries in America (excluding US)	183,057	136,928	—	—
Other countries in Asia (excluding PRC)	260,933	311,753	69,105	23,507
Europe	25,178	29,249	—	—
Others	40,245	33,553	—	—
	<u>2,574,330</u>	<u>2,190,942</u>	<u>466,669</u>	<u>411,212</u>

Information about major customer

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	N/A	239,660

N/A: Not disclosed as amount less than 10% of total revenue.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Other income		
Government grant (<i>note i</i>)	18,104	7,988
Bank interest income	4,652	1,684
	<u>22,756</u>	<u>9,672</u>
	2024 RMB'000	2023 RMB'000
Other gains and losses		
Gain on sales of scrap materials	9,322	8,638
Fair value gains (losses) on financial assets at FVTPL		
– structured bank deposits	136	141
– foreign currency forward contracts (<i>note ii</i>)	1,451	(2,272)
Fair value gains on derivative financial instruments (<i>note iii</i>)	44	442
Losses on disposals of property, plant and equipment	(1,082)	(1,561)
Net exchange gains	8,136	1,153
Others	1,661	(232)
	<u>19,668</u>	<u>6,309</u>

Notes:

- i. During the year ended 31 December 2024, the relevant government authorities granted one-off and unconditional subsidies to the Group amounting to RMB16,643,000 (2023: RMB6,553,000).
- ii. During the year ended 31 December 2024, gains on US\$ to RMB foreign currency forward contracts represented realised gains of RMB1,637,000 (2023: realised losses of RMB849,000) and unrealised losses of RMB186,000 (2023: unrealised losses of RMB1,423,000) on changes in fair value of foreign currency forward contracts.
- iii. During the year ended 31 December 2024, amount represented realised gains of RMBNil (2023: realised gains of RMB557,000) and unrealised gains of RMB44,000 (2023: unrealised losses of RMB115,000) arising on changes in fair value of commodity derivative contracts.

6. PROFIT BEFORE TAXATION

	2024 RMB'000	2023 RMB'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,680	1,680
Directors' emoluments	3,226	4,322
Other staff costs:		
– Salaries and other benefits	90,738	87,375
– Contributions to retirement benefit schemes	28,391	27,242
Less: capitalised in inventories	(61,528)	(58,454)
Total staff costs:	57,601	56,163
Depreciation of property, plant and equipment	42,898	40,815
Less: capitalised in inventories	(33,803)	(30,644)
Total depreciation	9,095	10,171
Cost of inventories sold	2,195,909	1,807,403
(Reversal) write-down of inventories (included in cost of inventories sold)	(1,581)	1,621

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Finance costs represent interests on:		
– bank borrowings	2,737	3,422
– discounted bills	5,403	3,128
– lease liabilities	164	140
	8,304	6,690

8. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
– Hong Kong	2,147	1,235
– PRC Enterprise Income Tax	16,805	12,327
– Vietnam	2,654	1,843
	<u>21,606</u>	<u>15,405</u>
Under provision in prior years:		
– PRC Enterprise Income Tax	<u>3,436</u>	<u>1,563</u>
Deferred tax:		
– Current year	<u>3,977</u>	<u>3,497</u>
Taxation charge	<u><u>29,019</u></u>	<u><u>20,465</u></u>

Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25%.

Pursuant to EIT Law and Implementation Regulations of the EIT Law, distribution of the profits earned by the subsidiaries in the PRC since 1 January 2008 to holding companies is subject to the PRC withholding tax at the applicable tax rate of 10%.

Jinan Mech Piping Technology Co., Ltd (“**Jinan Mech**”) was recognised as a High and New Technology Enterprises in 2023, and the applicable tax rate is 15% from 1 January 2023 to 31 December 2025.

Jinan Magang Steel Pipes Manufacturing Company (“**Jinan Ma Steel**”) was recognised as a High and New Technology Enterprises in 2024, and the applicable tax rate is 15% from 1 January 2024 to 31 December 2026.

Under the tax law in Hong Kong, the tax rate of Tube Industry Investments Limited (“**Tube Industry**”) is 8.25% if the taxable income is under HK\$2,000,000 and the tax rate on the taxable income exceeding HK\$2,000,000 is 16.5%.

The Company and the group entity incorporated in the BVI are not subject to income tax in the Cayman Islands or any other jurisdiction.

Under the tax law in Vietnam, the tax rates of Viet Nam Piping Industries Company Limited (“**Viet Nam Piping**”) and Viet Nam Buttwelding Fittings Technology Company Limited (“**Viet Nam Fittings**”) are 20%. Viet Nam Piping and Viet Nam Fittings have been granted to enjoy 2-years exemption of income tax followed by 4-year 50% reduction of income tax from the first profit making year. Starting from 2019 and 2024 respectively, Viet Nam Piping and Viet Nam Fittings enjoyed the 2-years exemption of income tax. Starting from 2021, Viet Nam Piping enjoyed the 4-year 50% reduction of income tax. Starting from 2026, Viet Nam Fittings will enjoy the 4-year 50% reduction of income tax.

Under the tax law in Thailand, the tax rate of Delta Electric is 20%. No provision for income tax has been made for Delta Electric in Thailand as there was no estimated assessable profit for the year ended 31 December 2023 and 31 December 2024.

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	<u>170,839</u>	<u>173,326</u>
Taxation at PRC EIT rate of 25%	42,710	43,332
Tax effect of expenses not deductible for tax purpose	689	620
Tax effect of deductible temporary differences not recognised	351	797
Tax deduction on research and development expenses (<i>note a</i>)	(11,446)	(15,996)
Additional deduction of machinery and equipment Procurement (<i>note b</i>)	—	—
Tax effect of tax losses not recognised	2,131	1,134
Under provisions in prior years	3,436	1,563
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,161)	(656)
Withholding tax on distributed profits of PRC subsidiaries	5,379	1,662
Income tax at concessionary rate	<u>(13,070)</u>	<u>(11,991)</u>
Taxation charge for the year	<u><u>29,019</u></u>	<u><u>20,465</u></u>

Notes:

- a Pursuant to Caishui [2021] circular No.13, Jinan Mech and Jinan Ma Steel enjoy super deduction of 200% on qualified research and development expenditure for the year ended 31 December 2024 and 2023.
- b According to the PRC EIT Law and its relevant regulation issued in 2022, entities that qualified as High and New Technology Enterprise are entitled to an additional 100% of the amount of qualified machinery and equipment newly purchased from 1 October 2022 to 31 December 2022, which is allowed to be deducted from taxable income.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year—attributable to owners of the Company)	<u>142,338</u>	<u>153,731</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>433,800</u>	<u>433,800</u>

No diluted earnings per share was presented as there were no potential ordinary shares in issue.

10. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	763,788	559,848
Less: allowance of impairment loss	<u>(32,588)</u>	<u>(20,941)</u>
Total trade receivables	<u>731,200</u>	<u>538,907</u>

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB340,064,000.

The Group generally allows credit period of 15 to 360 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for impairment loss, presented based on the invoice date at the end of each reporting period.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–60 days	338,922	174,888
61–180 days	167,848	162,462
181 days–1 year	58,403	164,298
Over 1 year	<u>166,027</u>	<u>37,259</u>
	<u>731,200</u>	<u>538,907</u>

The Group did not hold any collateral over these balances.

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items using a provision matrix grouped into the following categories with reference to past default experience for recurring customers and current past due exposure for new customers.

Internal credit rating	Description	Trade receivables/ contract assets
Group A	The counterparty has a low risk of default based on historical repayment records and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Group B	The counterparty usually settles within 50 days after due dates	Lifetime ECL – not credit-impaired
Group C	There have been significant increases in credit risk since initial recognition through information developed internally or external resources or the counterparty delays its payment after 50 days after due dates	Lifetime ECL – not credit-impaired
Group D	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Trade receivables with significant outstanding balances or credit-impaired with gross carrying amounts of RMB69,767,000 and RMB581,000 respectively as at 31 December 2024 (2023: RMBNil and RMB525,000) were assessed individually. Contract assets with significant outstanding balances with gross carrying amounts of RMB13,279,000 as at 31 December 2024 (2023: RMBNil) were assessed individually. The estimated loss rates of trade receivables with significant outstanding balances or credit-impaired are 2.46% and 100.00% (2023: Nil and 100.00%), the allowance for impairment losses are RMB1,716,000 and RMB581,000 (2023: Nil and RMB525,000) respectively. The estimated loss rate of contract assets with significant outstanding balances is 2.46% (2023: Nil) and allowance for impairment loss is RMB327,000 (2023: Nil).

Internal credit rating	Average loss rate		As at 31 December 2024		As at 31 December 2023	
			Gross carrying amounts of trade receivables	Gross carrying amounts of contract assets	Gross carrying amounts of trade receivables	Gross carrying amounts of contract assets
	2024	2023	RMB'000	RMB'000	RMB'000	RMB'000
Group A	0.185%	0.100%	406,330	6,433	318,965	13,629
Group B	4.538%	4.038%	180,164	2,924	167,232	1,241
Group C	19.909%	18.660%	106,946	9,916	73,126	7,381
			<u>693,440</u>	<u>19,273</u>	<u>559,323</u>	<u>22,251</u>

The estimated loss rates are estimated on historical credit loss experiences over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The contract assets have the same risk characteristics as the trade receivables for the same type of contracts would apply the same internal credit rating and loss rate. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors and contract assets is updated.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB136,495,000 (2023: RMB75,965,000) which are past due as at the reporting date. Out of the past due balances, RMB67,325,000 (2023: RMB38,949,000) has been past due 50 days or more and is not considered credit impaired. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information to those customers, management of the Group does not consider these receivables as credit-impaired as these customers have a good business relationship and satisfactory settlement history.

Movement in the allowance for impairment loss of trade receivables and contract assets:

	Trade receivables under lifetime ECL (not credit- impaired) <i>RMB'000</i>	Trade receivables under lifetime ECL (credit- impaired) <i>RMB'000</i>	Contract assets under lifetime ECL (not credit- impaired) <i>RMB'000</i>
As at 1 January 2023	15,549	485	1,211
Changes due to financial instruments recognised as at 1 January:			
– Transfer to credit-impaired	(40)	40	–
– Impairment recognised	–	–	–
– Impairment reversed	(10,825)	–	(516)
New financial assets originated	15,732	–	746
As at 31 December 2023	20,416	525	1,441
Changes due to financial instruments recognised as at 1 January:			
– Transfer to credit-impaired	(56)	56	–
– Impairment recognised	–	–	(812)
– Impairment reversed	811	–	–
New financial assets originated	10,836	–	1,816
As at 31 December 2024	32,007	581	2,445

11. SHARE CAPITAL

The share capital as at 31 December 2024 represented the issued share capital of the Company.

Details of the Company's shares are disclosed as follows:

	Number of shares	Amount <i>US\$</i>	<i>US\$'000</i>	RMB equivalent amount <i>RMB'000</i>
Ordinary Shares of US\$0.0001 each				
Authorised:				
At 1 January 2023, 31 December 2023 and 31 December 2024	500,000,000	50,000	50	335
Issued and fully paid:				
At 1 January 2023, 31 December 2023 and 31 December 2024	433,800,000	43,380	43	304

12. BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Secured bank borrowings (<i>note a</i>)	<u>69,127</u>	<u>38,362</u>
Carrying amounts of borrowings: – repayable within one year	<u><u>69,127</u></u>	<u><u>38,362</u></u>

Note:

- a As at 31 December 2024, the secured bank borrowings amounting RMB69,127,000 (2023: RMB38,362,000), carried fixed interest rate ranging from 2.5% to 3.45% (2023: 2.5% to 3.45%) per annum.

Details of assets pledged by the Group at the end of each reporting period are set out in note 13.

13. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets to secure the general banking facilities granted to the Group.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Property, plant and equipment	46,482	50,470
Right-of-use assets	38,857	39,841
Pledged bank deposits	<u>246,867</u>	<u>172,775</u>
	<u><u>332,206</u></u>	<u><u>263,086</u></u>

14. TRADE AND BILL PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	156,343	67,094
Bill payables	<u>469,367</u>	<u>348,139</u>
	<u><u>625,710</u></u>	<u><u>415,233</u></u>

The following is an ageing analysis of bill payables at the end of the reporting period:

	2024 RMB'000	2023 <i>RMB'000</i>
0 – 180 days	<u>469,367</u>	<u>348,139</u>

As at 31 December 2024, the balance of the bill payables which issued by the Group to the companies in the Group and the companies discounted the bill payables before maturity is RMB387,386,000 (2023: RMB300,648,000).

The average credit period on purchases of goods is 30 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024 RMB'000	2023 <i>RMB'000</i>
0 – 30 days	125,727	25,698
31 – 60 days	6,236	6,528
61 – 120 days	6,983	13,069
121 – 180 days	1,208	2,765
181 – 360 days	1,118	6,576
Over 360 days	<u>15,071</u>	<u>12,458</u>
	<u>156,343</u>	<u>67,094</u>

15. DIVIDEND

	2024 HK\$'000	RMB'000	2023 <i>HK\$'000</i>	<i>RMB'000</i>
Dividends recognised as distribution during the year:				
2023 final dividend of HK12 cents (2023: 2022 final dividend of HK10 cents) per share	<u>52,056</u>	<u>47,314</u>	<u>43,380</u>	<u>39,311</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK12 cents (equivalent to RMB11.1 cents) (2023: HK12 cents (equivalent to RMB10.9 cents)) per ordinary share, in an aggregate amount of HK\$52,056,000 (equivalent to RMB48,152,000) (2023: HK\$52,056,000 (equivalent to RMB47,314,000)) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming AGM.

USE OF PROCEEDS

The Company has raised gross proceeds of approximately HKD224.4 million (RMB201.8 million) through the global offering upon the Listing. After deducting the listing expenses, the net proceeds amounted to approximately HKD183.6 million (RMB166.4 million). Such net proceeds are intended to be applied in the same manner and the same proportion as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

As at 31 December 2024, the net proceeds from the Listing has been fully utilised.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Having made specific enquiry of all the Directors, all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board has reviewed the Company’s corporate governance practices and is of the view that saved as disclosed, during the year ended 31 December 2024, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

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

Neither the Company nor any of the subsidiaries of the Company purchased, redeemed or sold the listed securities of the Company during the year ended 31 December 2024.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW BY THE AUDIT COMMITTEE

The annual results of the Company for the year ended 31 December 2024 has been reviewed by the audit committee of the Company.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Friday, 30 May 2025. The notice of the AGM will be issued and despatched in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- i) From Friday, 23 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates have to be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 May 2025.

- ii) From Friday, 13 June 2025 to Monday, 16 June 2025, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates have to be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 12 June 2025.

By order of the Board
Maike Tube Industry Holdings Limited
GUO Lei
Chairman and executive Director

Hong Kong, 25 March 2025

As at the date of this announcement, the executive Directors are Mr. GUO Lei, Mr. WANG Ning and Mr. YANG Shufeng; the non-executive Directors are Mr. KONG Linglei and Ms. ZHAO Xuelian; and the independent non-executive Directors are Mr. LIU Fengyuan, Mr. DING Xiaodong and Mr. SUN Yongxi.