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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Maike Tube Industry Holdings Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**current interim period**”) together with the comparative figures for the corresponding period of 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	NOTES	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	3	1,280,978	1,162,024
Cost of sales		(1,061,335)	(995,186)
Gross profit		219,643	166,838
Other income	4	7,930	10,583
Other gains and losses	4	11,135	11,366
Distribution and selling expenses		(59,122)	(35,015)
Administrative expenses		(32,058)	(28,313)
Research and development costs		(39,338)	(28,894)
Impairment losses under expected credit loss model, net of reversal	5	2,129	2,208
Finance costs	6	(5,404)	(4,187)
Profit before taxation	7	104,915	94,586
Taxation charge	8	(18,418)	(13,134)
Profit for the period		86,497	81,452
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		(526)	(7,098)
Total comprehensive income for the period		85,971	74,354
Profit (loss) for the period attributable to:			
Owners of the Company		86,431	81,547
Non-controlling interests		66	(95)
		86,497	81,452
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		85,609	74,701
– Non-controlling interests		362	(347)
		85,971	74,354
Earnings per share			
– Basic (RMB yuan)	10	0.199	0.188

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	NOTES	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	460,887	465,268
Deferred tax assets		4,985	5,052
Prepayments for plant and equipment		2,511	1,401
		<u>468,383</u>	<u>471,721</u>
Current assets			
Inventories		358,013	274,736
Trade receivables	12	608,808	731,200
Trade receivables backed by bills	13	51,252	75,450
Contract assets	14	26,893	30,107
Tax recoverable		—	324
Deposits, prepayments and other receivables		224,369	197,260
Amounts due from related parties	15	17,563	15,383
Pledged bank deposits		278,891	246,867
Time deposits		15,374	13,821
Cash and cash equivalents		104,068	77,294
		<u>1,685,231</u>	<u>1,662,442</u>
Current liabilities			
Trade and bill payables	16	683,124	625,710
Contract liabilities		67,218	157,031
Derivative financial instruments		31	186
Refund liabilities		4,528	5,562
Other payables and accrued charges	17	64,520	90,130
Dividend payables		47,694	—
Amounts due to related parties	15	13,938	6,075
Provisions		1,286	2,541
Tax liabilities		8,861	5,880
Borrowings	18	56,440	69,127
Lease liabilities		2,024	1,143
Deferred income		747	1,466
		<u>950,411</u>	<u>964,851</u>

		30/06/2025	31/12/2024
	NOTES	RMB'000	RMB'000
		(unaudited)	(audited)
Net current assets		734,820	697,591
Total assets less current liabilities		1,203,203	1,169,312
Non-current liabilities			
Lease liabilities		610	2,023
Deferred tax liabilities		12,442	16,897
Deferred income		10,531	9,049
		23,583	27,969
Net assets		1,179,620	1,141,343
Capital and reserves			
Share capital	19	304	304
Reserves		1,175,033	1,137,118
Attributable to owners of the Company		1,175,337	1,137,422
Non-controlling interests	20	4,283	3,921
Total equity		1,179,620	1,141,343

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Statutory surplus reserve	Translation reserve	Retained profits	Sub-total equity		
	RMB'000	RMB'000	RMB'000 (Note b)	RMB'000 (Note a)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (audited)	<u>304</u>	<u>201,795</u>	<u>123,260</u>	<u>77,794</u>	<u>(3,540)</u>	<u>737,809</u>	<u>1,137,422</u>	<u>3,921</u>	<u>1,141,343</u>
Profit for the period	—	—	—	—	—	86,431	86,431	66	86,497
Other comprehensive (expense) income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(822)</u>	<u>—</u>	<u>(822)</u>	<u>296</u>	<u>(526)</u>
Total comprehensive (expense) income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(822)</u>	<u>86,431</u>	<u>85,609</u>	<u>362</u>	<u>85,971</u>
Dividends recognized as distribution	<u>—</u>	<u>(47,694)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(47,694)</u>	<u>—</u>	<u>(47,694)</u>
At 30 June 2025 (unaudited)	<u><u>304</u></u>	<u><u>154,101</u></u>	<u><u>123,260</u></u>	<u><u>77,794</u></u>	<u><u>(4,362)</u></u>	<u><u>824,240</u></u>	<u><u>1,175,337</u></u>	<u><u>4,283</u></u>	<u><u>1,179,620</u></u>
At 1 January 2024 (audited)	<u>304</u>	<u>249,109</u>	<u>123,260</u>	<u>65,679</u>	<u>592</u>	<u>607,586</u>	<u>1,046,530</u>	<u>4,430</u>	<u>1,050,960</u>
Profit (loss) for the period	—	—	—	—	—	81,547	81,547	(95)	81,452
Other comprehensive expense for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,846)</u>	<u>—</u>	<u>(6,846)</u>	<u>(252)</u>	<u>(7,098)</u>
Total comprehensive (expense) income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,846)</u>	<u>81,547</u>	<u>74,701</u>	<u>(347)</u>	<u>74,354</u>
Dividends recognized as distribution	<u>—</u>	<u>(47,314)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(47,314)</u>	<u>—</u>	<u>(47,314)</u>
At 30 June 2024 (unaudited)	<u><u>304</u></u>	<u><u>201,795</u></u>	<u><u>123,260</u></u>	<u><u>65,679</u></u>	<u><u>(6,254)</u></u>	<u><u>689,133</u></u>	<u><u>1,073,917</u></u>	<u><u>4,083</u></u>	<u><u>1,078,000</u></u>

Notes:

- (a) As stipulated by the relevant laws and regulations of the People's Republic of China (the “**PRC**”), before distribution of the net profit each year, the subsidiaries established in the PRC shall set aside 10% of their net profit after taxation for the statutory surplus reserve fund (except where the reserve has reached 50% of the subsidiaries' registered capital). The reserve fund can only be used, upon approval by the board of directors of the relevant subsidiaries and by the relevant authority, to offset accumulated losses or increase capital.
- (b) Other reserve represented the difference between (i) the difference between the nominal value of shares or equity interests paid/received by Mr. Kong (as defined in note 1) and the share of net assets by non-controlling interests for each acquisition or disposal of shares/equity interests pursuant to changes in ownership interests in Jinan Mech Piping Technology Co., Ltd (濟南邁科管道科技有限公司) (“**Jinan Mech**”) and Jinan Magang steep Pipes Manufacturing Company (濟南瑪鋼鋼管製造有限公司) (“**Jinan Ma Steel**”) in 2016 which did not result in change of control and; (ii) the difference between the consideration paid to non-controlling interests in acquiring the remaining registered capital of Jinan Mech and the share of net assets of Jinan Mech by non-controlling interests upon and reorganisation in 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	<u>(101,259)</u>	<u>(70,098)</u>
Investing activities:		
Purchases of property, plant and equipment	(14,779)	(39,611)
Prepayments for plant and equipment	(2,512)	(20,889)
Proceeds from disposals of property, plant and equipment	49	3,124
Receipts from structured bank deposits	307	45
Interest received	2,883	2,189
Placement of pledged bank deposits	(340,849)	(180,664)
Withdrawal of pledged bank deposits	308,825	189,885
Placement of structured bank deposits	(373,800)	(170,900)
Withdrawal of structured bank deposits	373,800	170,900
Placement of time deposits	(124,373)	(18,659)
Withdrawal of time deposits	122,820	16,445
Proceeds from disposals of subsidiaries	<u>42,227</u>	<u>—</u>
Net cash used in investing activities	<u>(5,402)</u>	<u>(48,135)</u>
Financing activities:		
Borrowings raised	46,900	98,500
Repayment of borrowings	(59,500)	(29,000)
Proceeds from discounted bills	534,399	359,758
Repayment of discounted bills	(387,386)	(310,648)
Payment of lease liabilities	(594)	(968)
Interest paid	<u>(827)</u>	<u>(2,174)</u>
Net cash generated from financing activities	<u>132,992</u>	<u>115,468</u>
Net increase (decrease) in cash and cash equivalents	26,331	(2,765)
Cash and cash equivalents at the beginning of the period	77,294	71,943
Effect of foreign exchange rate changes	<u>443</u>	<u>344</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>104,068</u></u>	<u><u>69,522</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL AND BASIS OF PREPARATION

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 the principal place of business of the Company are P.O. BOX 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands and Meigui Zone of Industrial Park, Pingyin County, Jinan, Shandong Province, the PRC.

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

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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue represents the fair value of amounts received and receivable from the sales of goods provided by the Group to related companies/external customers, net of related taxes. The following is an analysis of the Group's revenue for the six months ended 30 June 2025:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<i>Recognised at a point in time:</i>		
Sales of pipe products:		
– Customised steel pipes	206,671	218,058
– Standard prefabricated pipe nipples	204,331	184,517
– Spiral Submerged Arc Welded steel pipes	317,296	177,646
– ERW steel pipes	240,456	101,863
– Design and supply assembled piping system	32,016	18,738
Trading of steel coils	280,208	461,202
	1,280,978	1,162,024

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 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.

Segmental 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.

3. REVENUE AND SEGMENTAL INFORMATION – CONTINUED

Geographical information

Information about the Group’s revenue from external customers is presented based on the destination of goods in the sales orders/contracts.

	Revenue from external customers	
	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC	779,437	764,850
The United States of America (“US”)	154,304	149,898
Other countries in Asia (excluding PRC)	204,613	130,467
Other countries in America (excluding US)	100,688	95,827
Europe	10,894	11,154
Others	31,042	9,828
	<u>1,280,978</u>	<u>1,162,024</u>

4. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Other income		
Government grant	5,047	8,394
Bank interest income	2,883	2,189
	<u>7,930</u>	<u>10,583</u>

4. OTHER INCOME/OTHER GAINS AND LOSSES – CONTINUED

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Other gains and losses		
Gain on sales of scrap materials	4,379	4,876
Fair value gains (losses) on financial assets at FVTPL		
– structured bank deposits	307	45
– foreign currency forward contracts (<i>note i</i>)	(186)	1,049
Fair value gains (losses) on derivative financial instruments (<i>note ii</i>)	155	(24)
Loss on disposals of property, plant and equipment	(1,480)	(278)
Gain on disposal of subsidiaries (<i>note iii</i>)	3,405	–
Net exchange gains	3,239	5,118
Others	1,316	580
	<u>11,135</u>	<u>11,366</u>

Notes:

- i. During the current interim period, net gains (losses) on US\$ to RMB foreign currency forward contracts represented realised gains of RMB Nil (six months ended 30 June 2024: realised gains of RMB1,049,000) and unrealised losses of RMB186,000 (six months ended 30 June 2024: unrealised losses of Nil) on changes in fair value of foreign currency forward contracts.
- ii. During the current interim period, amount represented net (losses) gains on commodity derivative contracts represented realised losses of RMB Nil (six months ended 30 June 2024: realised losses of RMB46,000) and unrealised gains of RMB155,000 (six months ended 30 June 2024: unrealised gains of RMB22,000) arising on changes in fair value of commodity derivative contracts.
- iii. On 30 December 2024, Jinan Mech, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with Meide Group Co., Ltd. (“**Meide**”), to transfer 100.00% equity interests of Shandong Maike Smart Technology Limited (山東邁科智能科技有限公司) (“**Maike Smart**”) and Yongqing County Keqi Trading Company Limited (永清縣科啟商貿有限公司) (“**Yongqing Keqi**”) at a cash consideration of RMB45,000,000, with a gain of RMB3,405,000. On 28 March 2025, such transaction was completed.

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Impairment losses (reversed) recognized on:		
– trade receivables	(3,681)	(2,377)
– contract assets	1,552	169
	<u>(2,129)</u>	<u>(2,208)</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Finance costs represent interest on:		
– bank borrowings	740	1,235
– lease liabilities	62	90
– discounted bills	4,602	2,862
	<u>5,404</u>	<u>4,187</u>

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	24,647	20,532
Less: capitalised in inventories	(21,659)	(16,074)
Total depreciation	<u>2,988</u>	<u>4,458</u>
Reversal of inventories (included in cost of inventories sold)	<u>(272)</u>	<u>(2,107)</u>

8. TAXATION CHARGE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax (“EIT”):		
Current period	19,019	11,659
(Over) under provision in prior periods	(1,459)	1,258
	<u>858</u>	<u>217</u>
Deferred tax expense:		
	<u>858</u>	<u>217</u>
Taxation charge	<u>18,418</u>	<u>13,134</u>

9. DIVIDEND

During the current interim period, a final dividend of HK12 cents per share in respect of the year ended 31 December 2024 (2023: HK12 cents per share in respect of the year ended 31 December 2023) was declared to owners of the Company. The aggregate amount of dividend declared in respect of the year ended 31 December 2024 amounted to HK\$52,056,000, equivalent to RMB47,694,000 (2023: RMB47,314,000). Subsequent to the end of the current interim period, the Company has paid the proposed dividend.

The directors of the Company have determined that no dividend will be paid for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic earnings per share		
(profit for the period attributable to owners of the Company)	<u>86,431</u>	<u>81,547</u>

10. EARNINGS PER SHARE – CONTINUED

	Six months ended 30 June	
	2025	2024
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	433,800	433,800

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

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed property, plant and equipment with an aggregate amount of RMB1,529,000 (six months ended 30 June 2024: RMB3,402,000)

In addition, during the current interim period, the Group acquired property, plant and equipment with an aggregate amount of RMB21,880,000 (six months ended 30 June 2024: RMB40,520,000).

12. TRADE RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade receivables	636,296	763,788
Less: allowance of impairment loss	(27,488)	(32,588)
Total trade receivables	608,808	731,200

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

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 – 60 days	204,657	338,922
61 – 180 days	167,077	167,848
181 days – 1 year	69,574	58,403
Over 1 year	167,500	166,027
	608,808	731,200

13. TRADE RECEIVABLES BACKED BY BILLS

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
Trade receivables backed by bills	51,252	75,450

For customers who used bank bills to settle their trade receivables upon the expiry of the initial credit period, the ageing analysis of trade receivables backed by bills at the end of each reporting period was based on the date of the Group's receipt of the bills from the customers.

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
0 – 180 days	50,852	69,431
181 days – 1 year	400	6,019
	51,252	75,450

14. CONTRACT ASSETS

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
Retention receivables on sales of pipe products	28,939	32,552
Less: allowance for impairment loss	(2,046)	(2,445)
	26,893	30,107

15. AMOUNTS DUE FROM RELATED PARTIES/TO RELATED PARTIES

Amounts due from related parties

Details of amounts due from related parties which are trade nature, unsecured, interest-free and repayable on demand are as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Meide (note i)	6,729	4,752
Shandong Maike Smart Technology Limited 山東邁科智能科技有限公司 (note ii) (note iii)	2,518	—
Jinan Kede Intelligent Technology Co., Ltd. 濟南科德智能科技有限公司 (“Kede Intelligent”) (note ii)	2,478	1,164
Meide Group Linyi Co., Ltd. 玫德集團臨沂有限公司 (“Linyi Meide”) (note ii)	2,148	4,193
Meide Archung (Hebi) Tube Co., Ltd. 玫德雅昌 (鶴壁) 管業有限公司 (“Meide Archung”) (note ii)	1,785	227
Siam Fittings Co., Ltd. 泰鋼管配件有限公司 (“Siam Fittings”) (note ii)	1,065	1,092
Meide (Shandong) New Energy Co., Ltd. 玫德 (山東) 新能源有限公司 (“Meide New Energy”) (note ii)	268	507
Jinan Mech Valve Technology Co., Ltd. 濟南邁克閥門科技有限公司 (“Mech Valve”) (note ii)	252	1,782
Linyi Meide Gengchen Metal Material Co., Ltd. 臨沂玫德庚辰金屬材料有限公司 (“Linyi Meide Gengchen”) (note ii)	120	107
Meide Group Weihai Co., Ltd. 玫德集團威海有限公司 (“Meide Weihai”) (note ii)	70	6
Shandong Derun storage equipment Co., Ltd. 山東德潤倉儲設備有限公司 (“Shandong Derun”) (note ii)	52	36
Yongqing County Keqi Trading Company Limited 永清縣科啟商貿有限公司 (note ii) (note iii)	38	—
Meide Ayvaz Metal Products Co., Ltd. 玫德艾瓦茲 (濟南) 金屬制品有限公司 (“Ayvaz Metal”) (note ii)	29	1,255
Meide Archung (Jinan) Tube Co., Ltd. 玫德雅昌 (濟南) 管業有限公司 (“Meide Archung (Jinan)”) (note ii)	7	16
Meide Yachang (Deqing) Pipe Industry Co., Ltd. 玫德雅昌 (德慶) 管業有限公司 (“Meide Yachang (Deqing)”) (note ii)	4	2
Meide (Hubei) Sales Co., Ltd. 玫德 (湖北) 銷售有限公司 (“Hubei Meide”) (note ii)	—	203
Jinan Mech Crafts Co., Ltd. 濟南邁克工藝品有限公司 (“Mech Crafts”) (note ii)	—	34
Meide Archung Group Co. Ltd. 玫德雅昌集團有限公司 (“Meide Archung Group”) (note ii)	—	7
	<u>17,563</u>	<u>15,383</u>

15. AMOUNTS DUE FROM RELATED PARTIES/TO RELATED PARTIES – CONTINUED

Amounts due from related parties – continued

Notes:

- i. Meide is controlled by Mr. Kong.
- ii. Subsidiaries of Meide.
- iii. On 30 December 2024, Jinan Mech, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with Meide, to transfer 100.00% equity interests of Maike Smart and Yongqing Keqi at a cash consideration of RMB45,000,000, with a gain of RMB3,405,000. On 28 March 2025, such transaction was completed. Maike Smart and its wholly owned subsidiary Yongqing Keqi became related parties of the Company upon completion.

The Group allows credit period from 60-180 days to these related parties. The following is an ageing analysis of the trade nature amounts due from related parties based on the invoice date at the end of the reporting period.

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 – 60 days	12,472	8,893
61 – 180 days	1,912	2,817
181 – 360 days	757	529
Over 1 year	2,422	3,144
	<u>17,563</u>	<u>15,383</u>

As at 30 June 2025, included in the Group's amounts due from related parties balance are debtors with aggregate carrying amount of RMB4,638,000 (31 December 2024: RMB3,673,000) which are past due as at the reporting date. The Group did not hold any collateral over these balances.

15. AMOUNTS DUE FROM RELATED PARTIES/TO RELATED PARTIES – CONTINUED

Amounts due to related parties

Details of amounts due to related parties which are trade nature, unsecured, interest-free and repayable on demand are stated as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Siam Fittings	9,141	1,087
Meide New Energy	2,723	981
Kede Intelligent	609	856
Meide	535	2,697
Meide Archung	463	43
Mech Valve	394	295
Intercom Technology (Shandong) Co. 信通科技(山東)有限公司(“Information Technology”) (note)	32	99
Shandong Chenhui Electronic Technology Co., Ltd 山東晨暉電子科技有限公司(“Chenhui Electronic”) (note)	13	12
Shandong Maike Smart Technology Limited	9	–
Mech Crafts	8	–
Linyi Meide	5	3
Meide Archung (Jinan)	4	2
Meide Archung Group	2	–
	<u>13,938</u>	<u>6,075</u>

Note: Subsidiary of Meide.

The credit period on purchases of goods is 60 days. The following is an ageing analysis of amounts due to related parties presented based on the invoice date at the end of the reporting period:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 – 60 days	8,763	4,364
61 – 180 days	4,575	1,395
181 – 360 days	600	316
	<u>13,938</u>	<u>6,075</u>

16. TRADE AND BILL PAYABLES

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
Trade payables	100,265	156,343
Bill payables	582,859	469,367
	<u>683,124</u>	<u>625,710</u>

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

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
0 – 180 days	582,859	469,367

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:

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
0 – 30 days	53,622	125,727
31 – 60 days	7,253	6,236
61 – 120 days	24,800	6,983
121 – 180 days	1,983	1,208
181 – 360 days	6,134	1,118
Over 360 days	6,473	15,071
	<u>100,265</u>	<u>156,343</u>

17. OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Accrued charges	15,954	31,716
Staff costs payable	14,589	17,696
Guarantee receipts from staff on trade receivables (<i>note</i>)	6,983	4,584
Other tax payable	9,365	12,659
Agency fee payable	11,448	14,128
Transportation cost payable	5,319	4,856
Deposits received from suppliers	862	4,491
	<u>64,520</u>	<u>90,130</u>

Note: The amounts received by the Group represented guarantee on certain trade receivables provided by relevant sales staff of the Group. Once the trade receivables are considered non-recoverable, the related guarantee receipts from sales staff would not be payable to sales staff accordingly.

18. BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB46,900,000 (30 June 2024: RMB98,500,000). The loans carry interest at fixed market rates ranging from 2.50% to 3.45% per annum. The proceeds were used to finance the acquisition of raw materials for the Group.

19. SHARE CAPITAL

	Number of shares	Amount US\$	US\$'000	Equivalent amount to RMB'000
Ordinary Shares of US\$0.0001 each				
Authorised:				
At 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	<u>500,000,000</u>	<u>50,000</u>	<u>50</u>	<u>335</u>
Issued and fully paid				
At 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	<u>433,800,000</u>	<u>43,380</u>	<u>43</u>	<u>304</u>

20. NON-CONTROLLING INTERESTS

	Share of net assets of a subsidiary RMB'000	Total RMB'000
At 1 January 2025	3,921	3,921
Share of income for the period	66	66
Other comprehensive income for the period	296	296
	<hr/>	<hr/>
At 30 June 2025	4,283	4,283
	<hr/>	<hr/>

In November 2020, the Group entered into an investment agreement with JJ Fittings Limited (“**JJ Fitting**”) and Essence Electrical Products Co. Limited (“**Essence Electrical**”) to set up Delta Electric (Thailand) Co., Ltd (“**Delta Electric**”), and the Group injected capital into the Delta Electric in December 2023. The registered capital of Delta Electric was in the form of cash, with THB181,928,000 (equivalent to approximately RMB38,017,000). The interests of the Group, JJ Fitting and Essence Electrical in Delta Electric was 85%, 10% and 5% respectively. As at the end of current interim period, the registered capital of Delta Electric was fully paid.

21. CAPITAL COMMITMENTS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	11,474	7,445
	<hr/>	<hr/>

22. PLEDGE OF ASSETS

At the end of the current interim period, the Group has pledged the following assets to secure the general banking facilities granted to the Group:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Property, plant and equipment	44,949	46,482
Pledged bank deposits	278,891	246,867
Right-of-use assets	81,905	38,857
	<hr/>	<hr/>
	405,745	332,206
	<hr/>	<hr/>

23. RELATED PARTY TRANSACTIONS

During the current interim period, other than those disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related companies:

a) Transactions

Name of relate companies	Nature of transactions	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Meide	Sales of pipe products	14,235	12,493
	Sales of scrap materials	4,418	6,051
	Purchase of inventories	97	1,391
Linyi Meide Gengchen	Sales of pipe products	1,251	94
Linyi Meide	Sales of pipe products	1,697	11
	Sales of scrap materials	—	—
	Purchase of inventories	—	9
Mech Valve	Sales of pipe products	403	660
	Sales of scrap materials	—	458
	Purchase of inventories	299	318
Mech Crafts	Sales of pipe products	29	24
Kede Intelligent	Sales of pipe products	424	345
	Purchase of inventories	—	—
	Purchase of fixed assets	277	16,271
Meide Weihai (<i>note</i>)	Sales of pipe products	62	78
Ayvaz Metal	Sales of pipe products	70	8
	Purchase of inventories	—	—
Meide Archung	Sales of pipe products	196	269
	Purchase of inventories	434	1,712
Meide Archung (Jinan)	Sales of pipe products	9	650
	Purchase of inventories	—	8
Meide Archung Group	Sales of pipe products	—	13
	Purchase of inventories	—	7
Meide New Energy	Sales of pipe products	237	572
	Purchase of inventories	—	2,305
Chenhui Electronic	Sales of pipe products	—	29
	Purchase of inventories	4	4

23. RELATED PARTY TRANSACTIONS

a) Transactions

Name of relate companies	Nature of transactions	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Meide Yachang (Deqing)	Sales of pipe products	3	9
Hubei Meide	Purchase of inventories	—	135
Information Technology	Purchase of inventories	17	45
Siam Fittings	Purchase of inventories	1,102	249
	Sales of scrap materials	1,041	495
	Lease expenses	—	145
Shandong Derun	Sales of pipe products	46	—
Shandong Maike Smart Technology Limited	Sales of pipe products	3,149	—
	Purchase of inventories	942	—
Yongqing County Keqi Trading Company Limited	Sales of pipe products	34	—

Note: Subsidiary of Meide.

b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (audited)
Salaries and other benefits	1,182	1,565
Discretionary bonus	—	650
Contributions to retirement benefit schemes	88	160
	<u>1,270</u>	<u>2,375</u>

24. DISPOSAL OF A SUBSIDIARY/BUSINESS

On 28 March 2025, the Group disposed Shandong Maike Smart Technology Limited and Yongqing County Keqi Trading Company Limited, details of which at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

28/03/2025
RMB'000
(unaudited)

Property, plant and equipment	9
Inventories	518
Trade and other receivables	49,440
Cash and cash equivalents	2,773
Prepayment	2,564
Contract Assets	1
Other current assets	113
Trade and other payables	(13,346)
Contract Liabilities	(368)
Staff cost payable	(10)
Tax liabilities	(99)
	<hr/>
Net assets disposed of	41,595

Consideration received:

Cash received	45,000
	<hr/> <hr/>

Gain on disposal of a subsidiary:

28/03/2025
RMB'000
(unaudited)

Consideration received and receivable	45,000
Net assets disposed of	(41,595)
	<hr/>
Gain on disposal	3,405

Net cash inflow arising on disposal:

Cash consideration	45,000
Less: cash and cash equivalents disposed of	(2,773)
	<hr/>
	42,227
	<hr/> <hr/>

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 of assembled piping systems. We also conduct sales of raw materials that are procured from our suppliers and left unused, mainly 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 sell 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. Customers 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 minimise wastage of material and improve efficiency, thus reducing production costs.

During the current interim period, we navigated the complexities of local and international environments. Domestically, the recovery of domestic demand has lagged behind supply, the real estate sector has remained a persistent drag on the economy, alongside excess capacity in certain industries and intensifying price wars in the market. Internationally, the China-U.S. trade war continued to escalate, tariff policies were frequently adjusted, the EU set a timeline for carbon tariffs and national trade protectionism intensified. In the face of these challenges, under the leadership of the Board, the Group made precise and accurate judgment of situations to make informed decisions in guiding all employees to focus on annual targets, working together in a coordinated manner with the aim of seizing opportunities externally and pursuing innovation internally. During the six months ended 30 June 2025, the Group recorded a cumulative revenue of approximately RMB1,281.0 million and a cumulative net profit of approximately RMB86.5 million, representing an increase of 10.2% and 6.2% respectively, as compared with the same period of last year.

NEW ORDERS

For the six months ended 30 June 2025, the Group received new orders for approximately 12,500 tons of standard prefabricated pipe products, of which approximately 98.6% were from overseas customers; we also received new orders for approximately 185,000 tons of steel pipe products, of which approximately 67.6% were from domestic customers. During the six months ended 30 June 2025, the Group had delivered approximately 11,600 tons of standard prefabricated pipe products (including Vietnam Piping and Delta Electric (Thailand)) and approximately 166,400 tons of steel pipe products.

STANDARD PREFABRICATED PIPE PRODUCTS

The standard prefabricated pipe products are our key competitive products. For the six months ended 30 June 2025, our revenue from standard prefabricated pipe products amounted to approximately RMB204.3 million, accounting for 16.0% of the total revenue of the Group; for the six months ended 30 June 2024, our revenue from standard prefabricated pipe products amounted to approximately RMB184.5 million, accounting for 15.9% of the total revenue of the Group. The revenue of standard fabricated pipe products increased by 10.7% as compared to the corresponding period last year, mainly 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 customized 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 six months ended 30 June 2025, our ERW steel pipes, SSAW steel pipes and customised steel pipes recorded revenues of approximately RMB240.5 million, RMB317.3 million and RMB206.7 million, respectively, representing year-on-year increases of 136.1% and 78.6% for ERW steel pipes and SSAW steel pipes as compared to the same period in 2024, and a year-on-year decrease of 5.2% for customised steel pipes respectively as compared to the same period in 2024. The increase in ERW steel pipes and SSAW steel pipes was mainly due to the increase in sales volume, while the decrease in customised steel pipes was mainly due to the decrease in selling price. The total revenue generated from steel pipe products accounted for approximately 59.7% of the total revenue for the six months ended 30 June 2025.

DESIGN AND SUPPLY OF 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 six months ended 30 June 2025, our design and supply of assembled piping system recorded revenue of approximately RMB32.0 million, representing a year-on-year increase of approximately 70.9% as compared to the same period in 2024. The increase was mainly due to an increase in the delivery of orders to our customers, accounting for approximately 2.5% of the total revenue for the six months ended 30 June 2025.

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. During the six months ended 30 June 2025, the Group recorded revenue of approximately RMB280.2 million from trading of steel coils, representing a year-on-year decrease of approximately 39.2% compared to the corresponding period in 2024. Such decrease was mainly due to an increase in the orders for steel pipe products and the steel coils purchased were mainly used for production, resulting in a decrease in the sales of surplus steel coils.

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 of assembled piping systems; and (iv) sales of unused raw materials that are procured from suppliers, mainly including steel coils.

For the six months ended 30 June 2025, our total revenue was approximately RMB1,281.0 million, representing an increase of approximately RMB119.0 million or 10.2% as compared to the six months ended 30 June 2024. The increase in revenue was mainly due to the increase in the sales volume of steel pipe products.

Sales by product categories

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

	Six months ended 30 June 2025			
	Revenue <i>RMB'000</i>	% of total	Sales volume <i>ton'000</i>	ASP <i>RMB/ton</i>
Standard prefabricated pipe nipples	204,331	16.0%	11.6	17,615
Steel pipe products				
ERW steel pipes	240,456	18.8%	50.8	4,733
SSAW steel pipes	317,296	24.8%	72.6	4,370
Customised steel pipes	206,671	16.1%	43.0	4,806
Design and supply of assembled piping system	32,016	2.5%	N/A	N/A
Trading of steel coils	280,208	21.8%	84.0	3,336
Total	1,280,978	100.0%	262.0	

	Six months ended 30 June 2024			
	Revenue <i>RMB'000</i>	% of total	Sales volume <i>ton'000</i>	ASP <i>RMB/ton</i>
Standard prefabricated pipe nipples	184,517	15.9%	10.4	17,742
Steel pipe products				
ERW steel pipes	101,863	8.8%	22.3	4,568
SSAW steel pipes	177,646	15.3%	36.7	4,840
Customised steel pipes	218,058	18.8%	39.7	5,493
Design and supply of assembled piping system	18,738	1.6%	N/A	N/A
Trading of steel coils	461,202	39.6%	136.8	3,371
Total	1,162,024	100.0%	245.9	

The revenue generated from sales of standard prefabricated pipe products amounted to approximately RMB204.3 million for the six months ended 30 June 2025, representing an increase of approximately RMB19.8 million or 10.7% as compared to the six months ended 30 June 2024, which was mainly due to the increase in sales volume.

The revenue generated from ERW steel pipes increased by approximately RMB138.6 million or 136.1% from the six months ended 30 June 2024 to approximately RMB240.5 million for the six months ended 30 June 2025, which was mainly due to the increase in sales volume; the revenue generated from SSAW steel pipes increased by approximately RMB139.6 million or 78.6% from the six months ended 30 June 2024 to approximately RMB317.3 million for the six months ended 30 June 2025, which was mainly due to the increase in sales volume; the revenue generated from customised steel pipes decreased by approximately RMB11.4 million or 5.2% from the six months ended 30 June 2024 to approximately RMB206.7 million for the six months ended 30 June 2025, which was mainly due to the decrease in selling price.

The revenue generated from design and supply of assembled piping system increased by approximately RMB13.3 million or 70.9% from approximately RMB18.7 million for the six months ended 30 June 2024 to approximately RMB32.0 million for the six months ended 30 June 2025. The increase was mainly due to the increase in the delivery of orders to our customers during the current interim period.

The revenue generated from steel coils decreased by approximately RMB181.0 million or 39.2% from the six months ended 30 June 2024 to approximately RMB280.2 million for the six months ended 30 June 2025. Such decrease was mainly due to an increase in the orders for steel pipe products and the steel coils purchased were mainly used for production, resulting in a decrease in the sales of surplus steel coils.

Sales by geographical regions

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

	Six months ended 30 June 2025		Six months ended 30 June 2024	
	Revenue <i>RMB'000</i>	% of total revenue	Revenue <i>RMB'000</i>	% of total revenue
Domestic market				
The PRC	779,437	60.8%	764,850	65.8%
Overseas markets				
The United States	154,304	12.0%	149,898	12.9%
Other countries in Americas (excluding the United States)	100,688	7.9%	95,827	8.3%
Other countries in Asia (excluding the PRC)	204,613	16.0%	130,467	11.2%
Europe	10,894	0.9%	11,154	1.0%
Others	31,042	2.4%	9,828	0.8%
Total	<u>1,280,978</u>	<u>100.0%</u>	<u>1,162,024</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 increased by approximately 31.7% or RMB52.8 million from approximately RMB166.8 million for the six months ended 30 June 2024 to approximately RMB219.6 million for the six months ended 30 June 2025. Such an increase was mainly attributable to the increase in sales volume of standard prefabricated pipe products, ERW steel pipes and SSAW steel pipes. Gross profit margin increased by 2.8% as compared to the corresponding period last year.

OTHER INCOME

For the six months ended 30 June 2025, other income mainly represents government grant and interest income, which decreased from approximately RMB10.6 million for the six months ended 30 June 2024 by approximately 25.1% or RMB2.7 million to approximately RMB7.9 million for the six months ended 30 June 2025. The decrease in other income was mainly due to the decrease in government grants by RMB3.3 million.

OTHER GAINS AND LOSSES

For the six months ended 30 June 2025, 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 or losses on derivative financial instruments and net exchange gains or losses. Other gains and losses for the six months ended 30 June 2025 decreased by approximately 2% to approximately RMB11.1 million (2024: RMB11.4 million) as compared with the corresponding period in 2024. Changes in other gains and losses were mainly attributable to gains on sales of scrap materials of approximately RMB4.4 million for the six months ended 30 June 2025 as compared to the gains on scrap of RMB4.9 million in the same period of last year; and gains from foreign exchange of approximately RMB3.2 million for the six months ended 30 June 2025 as compared to the gains of approximately RMB5.1 million in the same period of 2024.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses increased from approximately RMB35.0 million for the six months ended 30 June 2024 by approximately 68.8% or RMB24.1 million to approximately RMB59.1 million for the six months ended 30 June 2025, which was primarily due to (i) the increase in sea freight expenses; (ii) the increase in business expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from approximately RMB28.3 million for the six months ended 30 June 2024 by approximately 13.2% or RMB3.7 million to approximately RMB32.0 million for the six months ended 30 June 2025, which was primarily due to the increase in consulting expenses.

RESEARCH AND DEVELOPMENT COSTS

The cost of research and development increased from approximately RMB28.9 million for the six months ended 30 June 2024 by approximately 36.1% or RMB10.4 million to approximately RMB39.3 million for the six months ended 30 June 2025. Our research and development costs accounted for approximately 3.1% of the total revenue (corresponding period in 2024: approximately 2.5%).

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

The impairment losses under expected credit loss model, net of reversal amounted to approximately RMB2.1 million for the six months ended 30 June 2025 (corresponding period in 2024: approximately RMB2.2 million).

FINANCE COSTS

Finance costs increased from RMB4.2 million for the six months ended 30 June 2024 by approximately 29.1% or RMB1.2 million to approximately RMB5.4 million for the six months ended 30 June 2025, which was primarily due to an increase in discounted notes.

TAXATION CHARGE

Taxation charge increased from RMB13.1 million for the six months ended 30 June 2024 to RMB18.4 million for the six months ended 30 June 2025.

PROFIT FOR THE YEAR

Profit for the year increased by approximately 2.2% or RMB1.7 million from RMB81.5 million for the six months ended 30 June 2024 to RMB83.2 million for the six months ended 30 June 2025, which was mainly due to the increase in gross profit.

Capital structure, liquidity and financial resources

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/from operating activities	-101,259	-70,098
Net cash (used in)/from investing activities	-5,402	-48,135
Net cash generated from/(used in) financing activities	132,992	115,468
Net increase/(decrease) in cash and cash equivalents	26,331	-2,765
Cash and cash equivalents at the beginning of the period	77,294	71,943
Effect of foreign exchange rate changes	443	344
Cash and cash equivalents at the end of the period	104,068	69,522

Gearing ratio

As at 30 June 2025, 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 4.8% (31 December 2024: approximately 9.9%). As at 30 June 2025, our total interest-bearing debts amounted to RMB56.4 million. The decrease in gearing ratio was primarily attributable to the decrease in bank loans.

NET CASH USED IN OPERATING ACTIVITIES

Our net cash used in operating activities changed from a net outflow of approximately RMB70.1 million for the six months ended 30 June 2024 to a net outflow of approximately RMB101.3 million for the six months ended 30 June 2025. The change in net cash used in operating activities was mainly due to (i) an increase in inventories; (ii) a decrease in payables.

NET CASH USED IN INVESTING ACTIVITIES

Our net cash from investing activities changed from a net outflow of approximately RMB48.1 million for the six months ended 30 June 2024 to a net outflow of approximately RMB5.4 million for the six months ended 30 June 2025. The change in net cash was primarily due to an increase in proceeds from disposal of subsidiaries.

NET CASH GENERATED FROM FINANCING ACTIVITIES

Our net cash from financing activities changed from a net inflow of approximately RMB115.5 million for the six months ended 30 June 2024 to a net inflow of approximately RMB133.0 million for the six months ended 30 June 2025. The change in net cash used in financing activities was primarily due to the increase in bill payables.

NET CURRENT ASSETS AND LIABILITIES

Inventories

Our balance of inventories increased by approximately RMB83.3 million or 30.3% from approximately RMB274.7 million as at 31 December 2024 to approximately RMB358.0 million as at 30 June 2025, which was mainly due to an increase in the quantity of orders but the orders have not been shipped after production is completed.

TRADE RECEIVABLES AND TRADE RECEIVABLES BACKED BY BILLS

Our trade receivables decreased by approximately RM122.4 million or 16.7% from approximately RMB731.2 million as at 31 December 2024 to approximately RMB608.8 million as at 30 June 2025, which was mainly due to (1) the Group's collection efforts, resulting in the timely recovery of trade receivables, and (2) the reduction in trade receivables following the disposal of subsidiaries.

Our trade receivables backed by bills decreased by approximately RMB24.2 million or 32.1% from approximately RMB75.5 million as at 31 December 2024 to approximately RMB51.3 million as at 30 June 2025, mainly due to the early discounting of bank bills received.

CONTRACT ASSETS

Our contract assets decreased from approximately RMB30.1 million as of 31 December 2024 to approximately RMB26.9 million as of 30 June 2025, mainly due to the decrease in retention receivables on sales of pipe products.

DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Our deposits, prepayments and other receivables increased from approximately RMB197.3 million as at 31 December 2024 to approximately RMB224.4 million as at 30 June 2025, mainly due to the increase in prepayment for raw materials.

AMOUNTS DUE FROM/TO RELATED PARTIES

Amounts due from related parties increased from approximately RMB15.4 million as at 31 December 2024 to approximately RMB17.6 million as at 30 June 2025, mainly due to the increase in unsettled trade amounts at the end of the current interim period.

Amounts due to related parties increased from approximately RMB6.1 million as at 31 December 2024 to approximately RMB13.9 million as at 30 June 2025, mainly due to the increase in unsettled payables at the end of the current interim period.

TRADE AND BILL PAYABLES

Our trade payables increased from approximately RMB625.7 million as of 31 December 2024 to approximately RMB683.1 million as of 30 June 2025, mainly due to the increase of bill payables.

CONTRACT LIABILITIES

Our contract liabilities decreased from approximately RMB157.0 million as of 31 December 2024 to approximately RMB67.2 million as of 30 June 2025, which was related to the timing of product delivery to our customers.

REFUND LIABILITIES

Our refund liabilities decreased from approximately RMB5.6 million as of 31 December 2024 to approximately RMB4.5 million as of 30 June 2025.

OTHER PAYABLES AND ACCRUED CHARGES

Our other payables and accrued charges decreased from approximately RMB90.1 million as of 31 December 2024 to approximately RMB64.5 million as of 30 June 2025, which was mainly due to the decrease of accrued charges.

PROVISIONS

Our provisions decreased from approximately RMB2.5 million as of 31 December 2024 to approximately RMB1.3 million as of 30 June 2025. Provisions represent warranty provided for our sold products.

BORROWINGS

Our borrowings decreased from approximately RMB69.1 million as of 31 December 2024 to approximately RMB56.4 million as of 30 June 2025, mainly due to a decrease in bank loans. The Group's borrowing of approximately RMB46.9 million as at 30 June 2025 was repayable within one year.

LEASE LIABILITIES

As of 30 June 2025, the Group rented two properties in Vietnam and Thailand respectively to operate its factories 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 RMB2.0 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 did not recommend the payment for any dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

PLEDGE OF ASSETS

As at 30 June 2025, our Group pledged certain property, plant, equipment, right-of-use assets, trade receivables backed by bills and pledged bank deposits with the total net carrying amount of approximately RMB405.7 million (31 December 2024: approximately RMB332.2 million) to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, 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

On 30 December 2024, Jinan Mech, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement with Meide, to transfer 100% equity interests of Maike Smart and Yongqing Keqi at a cash consideration of RMB45,000,000. The transaction was completed on 28 March 2025.

Save as disclosed, for the six months ended 30 June 2025, 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

The Group did not have any plans for material investments or capital assets during the six months ended 30 June 2025 and up to the date of this announcement.

EMPLOYEES

For the six months ended 30 June 2025, labour costs (including Directors' remunerations and emoluments in other forms) were approximately RMB57.4 million (for the six months ended 30 June 2024: RMB57.7 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 30 June 2025, we had a total of 1,207 employees (31 December 2024: 1,229 employees), 956 of whom are in the PRC (including Hong Kong), 177 of whom work in Vietnam, and 74 of whom work in Thailand. A breakdown of our employees by functions is set forth below:

Function	As of 30 June 2025		
	The PRC (including Hong Kong)	Vietnam	Thailand
Managerial, administrative and accounts	56	2	3
Production	618	173	69
Quality control	30	1	1
Procurement and inventory	32	1	1
Research and development	113	—	—
Sales and marketing	107	—	—
Total number of employees	<u>1,207</u>	<u>177</u>	<u>74</u>

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There were no significant events subsequent to 30 June 2025 which would materially affect the Group's operating and financial performance as of the date of this announcement.

NO OTHER MATERIAL CHANGE

Save as disclosed, there was no material change in the Group's financial position or business since the publication of the latest annual results of the Company for the year ended 31 December 2024.

PROSPECTS

In the first half of 2025, the steel pipe industry faced multiple challenges. Domestically, the issue of overcapacity remained prominent, with ongoing environmental policies driving up production costs. The slowdown in the growth of real estate and infrastructure investment suppressed demand, leading to further contraction of profit margin in the industry. In global market, increasing trade protectionism has been further fueled by the China-U.S. trade war and a lackluster global economic recovery. As we enter the second half of the year, opportunities are gradually emerging both domestically and internationally. Key projects under China's 14th Five-Year Plan have entered a phase of rigorous implementation. The demand for new infrastructure such as new energy pipes is released. Internationally, energy and infrastructure projects in the member countries of the Belt and Road Initiative are accelerating and the demand for oil and gas pipelines in regions such as Middle East and Southeast Asia has increased, creating room for growth in the export of steel pipes.

In light of the prevailing opportunities and challenges, our Group will focus on industry trends and capability enhancements, implementing the following strategic measures to drive sustainable growth, consolidate our leading position in the prefabrication pipes sector and create long-term value for our shareholders: (1) Marketing breakthrough: By adopting a dual strategy of “deep cultivation + expansion” in overseas markets, we reinforce our existing market share while also targeting the untapped emerging regions. We leverage our resource advantages domestically to expedite client onboarding, utilising our projects as a strategy to increase the market share; (2) Lean production: By expanding capacity, optimising processes and achieving synergy in supply chain, we will achieve breakthrough in both quality and cost, thereby strengthening our core competitiveness; (3) Digital empowerment: We integrate data across the entire supply chain horizontally and streamline operational processes vertically, using smart technologies to enhance management efficiency and accuracy in decision-making; (4) Team upgrade: We will continuously optimise the organisational structure and talent system to strengthen execution and innovation capabilities, fostering a high-performance team culture. High-quality development is achieved through collaborative multi-dimensional efforts.

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 the human body. We have complied with the current effective Chinese, Vietnamese, and Thai environmental laws and regulations. During the reporting period, we have implemented a series of optimisation measures for our existing environmental protection and pollution control system. By optimising the design of discharge pipelines to reduce air resistance and decrease fan power consumption, we have successfully achieved a 5% reduction in energy consumption for dust removal and pollution control facilities, ensuring stable and efficient pollution control results. Additionally, environmental interlock hardware has been integrated into critical environmental protection equipment to ensure that production facilities can only be activated after the environmental protection facility is in operation. This ensures that all pollutants are controlled at the source which reduces environmental risks and enhances our environmental management standards. Regarding solid waste management, we have started to implement a system whereby electronic duplicate forms for the transfer are used to ensure comprehensive control over all stages from generation to utilisation. This not only boosts our information technology and management level but only enhances our digitalisation level in solid waste management. Through the optimisation and enhancement of environmental management hardware and software, we have further elevated our environmental protection management standards and achieved the status of a regional environmental protection benchmark enterprise, serving as a role model in environmental protection.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to The Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”). The Company has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Board is of the opinion that the Company has met the code provisions in part 2 of the CG Code through the six-month period ended 30 June 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own Code of Conduct for securities transactions conducted by relevant Directors. Upon specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025. No incidents of non-compliance of the Model Code by the relevant Directors were noted by the Company.

AUDIT COMMITTEE

The Audit Committee of the Company, which was established for the purposes of reviewing and providing supervision over the Company's financial reporting and audit process and overseeing the Group's risk management and internal controls, comprises three independent non-executive Directors, namely Mr. DING Xiaodong (chairman), Mr. LIU Fengyuan and Mr. SUN Yongxi.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025.

The Audit Committee together with the Company's management has reviewed and agreed on the accounting principles and practices adopted by the Group for the six months ended 30 June 2025, discussed and reviewed the adequacy and effectiveness of the Group's internal control systems, risk management functions and financial reporting systems, and that adequate disclosure has been made with no disagreement by the Audit Committee.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The announcement of interim results will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.mechpipingtech.com). The interim report of the Company for the six months ended 30 June 2025 will be despatched to the shareholders of the Company in due course and will be made available on the websites of the Stock Exchange and the Company.

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

Hong Kong, 27 August 2025

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