Dalipal Holdings Limited
達力普控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1921)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2026	2025	
	RMB'million	*RMB'million*	Changes
Revenue	**1,643.8**	1,693.6	(2.9%)
Gross profit	**185.9**	152.7	21.7%
Profit from operations	**26.4**	29.0	(9.0%)
Loss before taxation	**(13.0)**	(12.7)	2.4%
Loss for the period	**(14.1)**	(15.0)	(6.0%)
Net loss margin	***(0.9%)***	*(0.9%)*	
Loss for the period attributable to equity shareholders of the Company	**(14.1)**	(15.0)	(6.0%)
Loss per share			
– Basic (RMB)	**(0.01)**	(0.01)	
– Diluted (RMB)	**(0.01)**	(0.01)	

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026 – unaudited
*(Expressed in Renminbi ("**RMB**"))*

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**1,643,780**	1,693,626
Cost of sales		**(1,457,834)**	(1,540,887)
Gross profit	*4(b)*	**185,946**	152,739
Other income		**8,579**	30,386
Selling expenses		**(77,717)**	(61,437)
Administrative expenses		**(90,457)**	(92,708)
Profit from operations		**26,351**	28,980
Finance costs	*5(a)*	**(39,385)**	(41,724)
Loss before taxation	*5*	**(13,034)**	(12,744)
Income tax	*6*	**(1,090)**	(2,221)
Loss for the period attributable to equity shareholders of the Company		**(14,124)**	(14,965)
Other comprehensive income for the period (after tax):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation into presentation currency		**(966)**	(261)
Total comprehensive income for the period attributable to equity shareholders of the Company		**(15,090)**	(15,226)
Loss per share	*7*		
Basic *(RMB)*		**(0.01)**	(0.01)
Diluted *(RMB)*		**(0.01)**	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment		**2,669,917**	2,613,371
Deferred tax assets		**133**	124
		2,670,050	2,613,495
Current assets			
Inventories		**843,861**	629,759
Trade and bills receivables	*8*	**1,186,244**	1,087,918
Prepayments, deposits and other receivables		**75,320**	42,540
Cash at bank and on hand		**504,508**	404,243
		2,609,933	2,164,460
Current liabilities			
Trade and bills payables	*9*	**629,593**	756,276
Other payables and accruals		**210,885**	177,002
Interest-bearing borrowings		**1,665,337**	1,088,803
Lease liabilities		**4,132**	4,316
		2,509,947	2,026,397
Net current assets		**99,986**	138,063
Total assets less current liabilities		**2,770,036**	2,751,558
Non-current liabilities			
Interest-bearing borrowings		**1,145,243**	1,378,492
Lease liabilities		**5,456**	7,819
Deferred tax liabilities		**10,606**	9,507
Deferred income		**7,095**	7,871
		1,168,400	1,403,689
NET ASSETS		**1,601,636**	1,347,869
CAPITAL AND RESERVES			
Share capital		**141,405**	134,866
Reserves		**1,460,231**	1,213,003
TOTAL EQUITY		**1,601,636**	1,347,869

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Dalipal Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 28 August 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 8 November 2019. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development, manufacture and sale of oil and gas pipes, new energy pipes and special seamless steel pipes and other products.

2 BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Group's interim report for the six-months ended 30 June 2026 but are extracted from the report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "**IASB**"). It was authorised for issue on 28 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). KPMG's independent review report to the Board of Directors is included in the interim financial report. In addition, the interim financial report has been reviewed by the Company's Audit and Risk Management Committee.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

During the six months ended 30 June 2026, the Group incurred net loss of RMB14,124,000 (six months ended 30 June 2025: RMB14,965,000) and recorded net operating cash outflows of RMB295,204,000 (six months ended 30 June 2025: net operating cash inflows of RMB154,844,000). Under such circumstances, the directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, including:

(i) The Group has obtained long-term project loans to cover most of its capital expenditure in the next 12 months. The undrawn balance of the loan was RMB201,844,000 as at 30 June 2026;

(ii) Regarding short-term borrowings of RMB1,665,337,000, the Group is actively discussing with its banks for renewal of bank borrowings. Based on historical experience, the directors are of the opinion that the Group will be able to either renew or obtain new banking facilities to supplement liquidity of the Group at adequate level during the next twelve months. Up to the date hereof, the Group has either renewed or refinanced bank borrowings of RMB139,160,000 subsequent to 30 June 2026; and

(iii) In addition to maintaining stable business scale with existing customers, the Group has been developing new customers and new markets to generate more operating cash inflows.

In addition to above measures, as at 30 June 2026, the Group has unused credit facility of RMB336,466,800 to meet its potential liquidity needs. The directors are of the opinion that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern as at 30 June 2026. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to IFRS that are first effective for the current accounting period. Of these, only the amendments to IFRS 9, *Financial instruments* and IFRS 7*, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The amendments do not have a material impact on this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Sales of oil and gas pipes	**1,072,933**	1,078,720
Sales of new energy pipes and special seamless steel pipes	**570,847**	614,906
	1,643,780	1,693,626

(b) Segment reporting

Segment information disclosed in the financial report has been prepared in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Oil and gas pipes: this segment includes primarily the manufacture and sales of oil and gas pipes.

- New energy pipes and special seamless steel pipes: this segment includes primarily the manufacture and sales of new energy pipes and special seamless steel pipes.

(i) Segment results, assets and liabilities

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments during normal operations. No intersegment sales have occurred for the six months ended 30 June 2026 and 2025. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2026 and 2025 is set out below.

	Six months ended 30 June 2026		
	Oil and gas pipes	**New energy pipes and special seamless steel pipes**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from external customers	**1,072,933**	**570,847**	**1,643,780**
Reportable segment gross profit	**151,016**	**34,930**	**185,946**

	Six months ended 30 June 2025		
	Oil and gas pipes	New energy pipes and special seamless steel pipes	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers	1,078,720	614,906	1,693,626
Reportable segment gross profit	127,525	25,214	152,739

(ii) ***Geographic information***

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

Revenues from external customers

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
The PRC	**1,400,446**	1,475,540
Overseas:		
Middle East	**135,983**	166,034
Africa	**68,423**	30,546
Others	**38,928**	21,506
	243,334	218,086
	1,643,780	1,693,626

The geographical location of the specified non-current assets based on the physical location of the asset is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
The PRC	**2,664,234**	2,606,578
Overseas:		
Middle East	**5,683**	6,793
	2,669,917	2,613,371

5 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest expenses on borrowings	**36,675**	39,574
Interest expenses on lease liabilities	**264**	113
Others	**2,446**	2,037
	39,385	41,724

The borrowing costs have been capitalised at a rate of 3-4.85% per annum (six months ended 30 June 2025: 3-4.59%).

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Depreciation expenses		
– owned property, plant and equipment	**69,110**	59,712
– right-of-use assets	**5,348**	5,080
– leasehold improvements	**613**	283
Impairment losses recognised on trade and other receivables	**470**	1,778
Research and development costs	**18,493**	18,319
Cost of inventories	**1,457,834**	1,540,887

6 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Deferred taxation:		
– Origination of temporary differences	**1,090**	2,221
	1,090	2,221

Notes:

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

(ii) The Company and the Hong Kong incorporated subsidiaries of the Group are subject to Hong Kong Profits Tax, which is calculated at 16.5% (six months ended 30 June 2025: 16.5%) of the estimated assessable profits for the six months ended 30 June 2026, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first Hong Kong Dollar ("**HK$**") 2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2025. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in HK during the six months ended 30 June 2026.

(iii) The subsidiary of the Group established under the laws and regulations in the Kingdom of Saudi Arabia ("**Saudi Arabia**") is subject to Saudi Arabia income tax, the applicable Saudi Arabia income tax rate is 20%. No provision for Saudi Arabia profits tax has been made as the Group had no assessable profit arising in Saudi Arabia during the six months ended 30 June 2026.

(iv) The subsidiaries of the Group established in the PRC (excluding Hong Kong SAR) are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2026 (six months ended 30 June 2025: 25%). One of the subsidiaries was qualified as a High and New Technology Enterprise ("**HNTE**") and is entitled to the preferential tax rate of 15% for the years ended/ending 31 December 2025, 2026 and 2027. No provision for PRC profits tax has been made as the Group had no assessable profit arising PRC during the six months ended 30 June 2026.

7 LOSS PER SHARE

(a) Basic loss per share

The basic loss per share for the six months ended 30 June 2026 is calculated based on the loss attributable to equity shareholders of the Company of RMB14,124,000 (six months ended 30 June 2025: RMB14,965,000) and the weighted average of 1,492,579,000 (six months ended 30 June 2025: 1,466,683,000) ordinary shares in issue during the interim period.

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

	Six months ended 30 June	
	2026	2025
	'000	*'000*
Issued ordinary shares at 1 January	**1,506,468**	1,503,168
Shares issued under share option schemes	**384**	423
Effect of issuance of shares	**22,275**	–
Effect of shares held for share award plans	**(35,425)**	(36,908)
Effect of repurchase of own shares	**(1,123)**	–
Weighted average number of ordinary shares at 30 June	**1,492,579**	1,466,683

(b) Diluted loss per share

The diluted loss per share for the six months ended 30 June 2025 and 2026 has not taken into account the effect of the outstanding share options and shares held for share award plans as its inclusion would have decreased the loss per share, hence anti-dilutive.

8 TRADE AND BILLS RECEIVABLES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Trade receivables	**938,783**	699,425
Less: loss allowance	**(2,117)**	(4,681)
	936,666	694,744
Bills receivables	**249,578**	393,174
	1,186,244	1,087,918

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

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

(a) Ageing analysis

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Less than 1 month	**291,141**	347,959
1 to 3 months	**355,240**	289,021
3 to 6 months	**242,447**	52,446
Over 6 months	**47,838**	5,318
	936,666	694,744

(b) Transfer of financial assets

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

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Bank acceptance notes	**495,854**	301,845

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Bank acceptance notes	**57,183**	104,753
Trade acceptance notes	**106,706**	60,418
	163,889	165,171

At 30 June 2026, trade and bill receivables of the Group with amounts of RMB169,257,000 (31 December 2025:RMB202,956,000) and future trade receivables of the Group with amounts of RMB627,539,000 (31 December 2025:RMB625,000,000) have been pledged for the Group's interest-bearing borrowings.

9 TRADE AND BILLS PAYABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade payables	**566,825**	631,199
Bills payables	**62,768**	125,077
	629,593	756,276

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

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Less than 1 month	**432,343**	627,149
1 to 3 months	**121,928**	75,453
3 to 6 months	**46,030**	19,066
Over 6 months	**29,292**	34,608
	629,593	756,276

10 DIVIDENDS

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

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period	**–**	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Principal Business and Business Model

The Group's principal business comprises the research and development, production, technical services and sales of high-end energy equipment pipes, specialised seamless steel pipes and new energy pipes, with products widely used in energy exploration, extraction, transportation and equipment manufacturing across the oil, natural gas, shale gas and new energy sectors. The Group's major customers include the domestic "Big Three" national oil companies, large-scale machinery processing and manufacturing enterprises, geological exploration and coal mining enterprises, as well as internationally renowned oil and petrochemical companies. The Group is a National High-tech Enterprise and a National Enterprise with Intellectual Property Advantages, and is a company listed on the Main Board of the Stock Exchange focused on the production of high-end energy equipment pipes.

The Group's products are divided into standard products and products customised to specific customer requirements, with a production model primarily based on "production based on sales" and a sales model primarily based on direct sales. During the Reporting Period, the Group fully leveraged its advantages in research and development and its full-process production lines to develop, manufacture and promote specialised products and economical products in coordination with customer needs, emphasising product differentiation and customisation in order to enhance compatibility and stickiness with customers.

Guided by its business strategy of "leveraging leading intelligent manufacturing technology to strengthen high-end energy pipes", the Group focuses on the high-end energy equipment pipe sector, consolidating the competitiveness of its core product categories while diversifying its product offerings, providing comprehensive and systematic services to the energy industry, and committing to "optimising structure, reducing costs, ensuring quality and improving efficiency" so as to enhance management capabilities and build its core competitiveness. While strengthening and specialising in API products to meet the needs of energy industry customers, the Group has also actively expanded the scale of its non-API specialised products, optimising its overall product structure. The Group has successively developed new products, including economical coal and geological drill pipe materials, high-grade steel crane boom tubes for construction machinery, oil cylinder tubes, perforating gun tubes, acid-resistant line pipes and hydrogen transportation pipes, establishing long-term partnerships with quality customers both domestically and internationally. With the completion and commencement of operation of the Group's newly built intelligent production line for high-end oil drilling and energy equipment pipes, together with the steady implementation of its "specialised, refined, distinctive and innovative" business strategy, the Group's differentiated competitive advantages have become increasingly evident, and the market competitiveness of its products continues to improve.

Industry Overview

During the Reporting Period, the global industry for specialised seamless steel pipes for energy applications continued to present a landscape of "overall oversupply, severe structural divergence, continued margin compression, weak domestic demand and resilient exports". Driven by the combined effects of policy and industry dynamics, favourable factors were concentrated in the high-end segment, while multiple compounding factors – including geopolitical conflict in the Middle East, new export licensing rules imposed by various countries, and the implementation of the EU Carbon Border Adjustment Mechanism (CBAM) – further exacerbated the industry's supply-demand imbalance.

On the supply side, new capacity for general-purpose seamless steel pipes globally continued to be released, and competition among homogeneous general-purpose pipe products intensified further. In contrast, leading enterprises with independent research and development capabilities accelerated mergers, acquisitions and overseas capacity deployment, further increasing industry concentration. Domestically, the concentrated commissioning of high-end intelligent production lines substantially expanded supply capacity for high-end pipe products such as acid-resistant, hydrogen-transportation and deep-sea specialised pipes, forming a clear technological moat.

On the demand side, structural divergence in domestic market demand was pronounced. The national energy security strategy continued to drive steady growth in capital expenditure for oil and gas exploration, with a rising proportion of deep and ultra-deep wells and an increase in extreme operating conditions such as high sulphur content and high-temperature thermal recovery, driving stable demand for high-end products such as acid-resistant casing, thermal recovery casing and premium connection oil pipes. The accelerated development of offshore oil and gas and coalbed methane, together with the promotion of geological exploration, geothermal energy and other clean energy applications, jointly drove expanded demand for specialised customised pipe products across multiple sectors, while general-purpose pipe products faced generally low operating rates amid price and inventory pressures.

International market demand exhibited pronounced regional divergence. As the core incremental market for energy pipe products globally, the Middle East continued to see the roll-out of upstream capacity expansion and pipeline network upgrade projects across the region, providing rigid long-term support for demand for casing and line pipe products; however, during the Reporting Period, disruptions to shipping through the Strait of Hormuz led global oil and gas operators to generally extend their procurement cycles and place orders in batches, resulting in a temporary slowdown in the delivery pace of overseas orders. The oil and gas development market in Africa operated steadily, with continued stable order flow. In Central Asia, deep-layer oil and gas and highly corrosive operating environment projects continued to increase, steadily raising demand for specialised customised pipe products. The Oceania market benefited from support for major regional oil and gas projects, with satisfactory performance in orders for mid-to-high-end line pipes and casing. The traditional North American market, however, continued to be constrained by import tariff barriers and trade protection policies, restricting import channels for overseas pipe products and weakening overall export demand for the industry.

Looking ahead to the second half of the year, the main trend of structural industry divergence is expected to remain unchanged, with price movements expected to be weaker in the earlier period and stronger later on – a relatively weak performance is expected during the traditional off-season in the third quarter, while pipe prices may see a degree of rebound in the fourth quarter as geopolitical tensions ease and oil and gas projects undergo concentrated tendering. The continued implementation of medium-to-long-term oil and gas development investment plans in Saudi Arabia, Kuwait and other parts of the Middle East, the concentrated commencement of natural gas branch pipeline and refining expansion projects in Southeast Asia, and the development potential in emerging markets such as Latin America, Africa and Central Asia are all expected to present opportunities. However, ongoing geopolitical conflict in the Middle East continues to disrupt shipping and the pace of overseas project investment, while trade barriers and carbon tariffs in Europe and the United States continue to push up export compliance costs, presenting periodic operational challenges. Domestically, the ongoing deepening of supply-side structural reform is expected to accelerate the elimination of low-end excess capacity, while increased investment in shale gas development in western China and offshore oil and gas development is expected to keep supply and demand for high-end specialised pipes tight; nevertheless, the imbalance of excess capacity for conventional general-purpose pipe products is likely to remain difficult to resolve.

Analysis of Core Competitiveness

The Group's core competitiveness is mainly reflected in the following four areas:

(I) High-end Differentiated Products Strategy

As a National High-tech Enterprise and an enterprise with intellectual property advantages, the Group has established a complete matrix of non-API specialised products, including acid-resistant, hydrogen-resistant and CO_2-corrosion-resistant casing, premium connection products, thermal recovery casing, high-grade steel crane boom tubes and perforating gun tubes, with a number of products serving as core supply items for PetroChina and Sinopec, and sales of the Group's unique leading products continuing to grow rapidly. During the Reporting Period, the Group completed the development of new materials for products such as high-strength, high-toughness shale gas casing, high-grade corrosion-resistant casing and crane boom tubes, achieving a notable reduction in overall material costs; the Group's self-developed series of premium connection products has completed industrialisation verification and is capable of large-scale mass production; the Group successfully completed bulk supply of corrosion-resistant casing, and also completed full-process trial production of high-precision oil drill pipe materials, laying the technical groundwork for expansion into overseas markets such as Saudi Arabia. In addition, during the Reporting Period, the Group completed a number of patent technology disclosure filings and published several academic papers, and successfully passed the annual assessment of the Hebei OCTG Technology Innovation Center and the Hebei Provincial Enterprise Technology Center.

(II) Advantages in Intelligent Manufacturing and Digital Operations

The Group's integrated production and sales management platform has been officially launched and continues to be iterated, covering key business modules such as sales, procurement, finance, standard cost, quality control, production, warehousing, metrology and laboratory management, enabling full-chain connectivity of data across orders, production, quality inspection, warehousing and finance. The Group's intelligent production line for high-end energy equipment pipes has also successfully commenced coordinated trial production, equipped with a product-level tracking system, a fully automated intelligent stereoscopic turnover warehouse and a digital twin platform, and deploying a large number of six-axis industrial robots covering processes including pipe-end threading, coupling make-up, inspection, labelling, packaging and warehousing. Compared with traditional production lines, labour deployment has been significantly reduced and production efficiency notably improved. During the Reporting Period, the Group further introduced an automated thread inspection system for oil pipes and thread-cleaning robots for the threading line, and developed an intelligent industrial control software platform for casing and coupling thread inspection stations, continuing to enhance the precision and efficiency of product quality inspection.

(III) Advantages in Lean Cost Management Across the Full Industry Chain and Global Deployment

The Group possesses flexible production switching capabilities for both customised and mass production, supported by a comprehensive full-chain cost control system. Domestically, the Group continues to deepen its presence in the core market of the "Big Three" national oil companies; while gross margins remain relatively low, the stability of overall order volume and structure serves as an anchor amid current market conditions. Overseas, although the Middle East market has been affected by the US-Iran-Israel conflict, the Group's advantage in securing orders remains evident. At the same time, the Group continues to advance its talent development plan across the three talent streams of management, technical and operational personnel, strengthening the professional competencies of personnel at all levels through mechanisms such as internal mentorship, individual development plans and specialised technical teams, thereby providing talent support for the Group's long-term development.

(IV) A Comprehensive Green and Low-carbon System

The Group has continued to receive an ESG rating of Grade A from both Sino-Securities Index Information Service (Shanghai) Co., Ltd. and Wind Information Co., Ltd., ranking among the top performers in the energy industry, and holds dual certifications for its carbon management system and green supply chain management system. The Group also continues to procure green electricity and applies energy-saving processes covering full-oxygen combustion and waste heat recovery. During the Reporting Period, the Group completed an energy-saving retrofit project for reclaimed water reuse and commenced water supply, achieving full replacement of desalinated seawater with municipal reclaimed water, and completed a full-oxygen combustion retrofit for tundishes and ladle heaters. In addition, the Group's distributed photovoltaic power generation project has entered the on-site construction phase and is expected to be connected to the grid within the current year; once in operation, it is expected to further reduce production costs and optimise the Group's energy structure, in alignment with the green supply chain access requirements of customers and export markets.

Market Development and Sales Performance

During the Reporting Period, the Group leveraged its core strengths in the high-end energy equipment pipe sector, coordinating three key priorities: centralised procurement by the three major national oil companies, diversified market development, and growth in high-end products. As at the end of the Reporting Period, the Group's new order volume recorded significant growth compared with the same period last year.

In relation to centralised procurement by the three major national oil companies, the Group successfully won bids for the centralised procurement projects of PetroChina and Sinopec for oil and gas pipes, covering multiple lots including API finished pipes, plain-end pipes, casing and non-API pipes, securing stable base revenue for the full year. The Group also continued to deepen cooperation with regional oil and gas customers in Xinjiang, Shanxi and Sichuan, diversifying its sources of orders.

In relation to overseas market development, the scale of the Group's overseas orders saw a marked increase compared with the same period last year, fully reflecting the sustained improvement in the Group's competitiveness in overseas markets.

In relation to high-end and speciality pipe products, sales of the Group's geological drill pipes grew rapidly, with a number of new domestic end customers added during the Reporting Period; sales of cable coring pipes and non-excavation geological drill pipes recorded a notable year-on-year increase, while products such as coupling stock, oil cylinder tubes and boom tubes also achieved order breakthroughs, driving the continued optimisation of the Group's product structure towards higher value-added segments.

In addition, during the Reporting Period, the Group completed an optimisation of its organisational structure, establishing a dedicated offshore and specialised pipe market business department, and concurrently restructured its performance evaluation mechanism, setting up dedicated incentive measures across multiple dimensions including sales volume, order profitability, new market development and sales of unique new products, in support of the Group's strategy of "emphasising both volume and profitability, and diversifying market expansion".

Progress in Core Base Construction

In relation to the construction of the Group's overseas core base, the Group's project at the SPARK Industrial Park in Saudi Arabia is progressing steadily. The Group is currently in the process of obtaining approvals for key energy inputs, including water supply from the SPARK Industrial Park and electricity and gas supply from the relevant energy authority, and has commenced work on land surveying, geological exploration, design planning and the application for construction permits, laying the foundation for the Group's future expansion into the Middle East market and enhancement of its local production capabilities.

In relation to the construction of the Group's domestic production base, the Group's production line for high-end oil drilling and energy equipment pipes located in Cangzhou City, Hebei Province achieved intelligent production during the Reporting Period and now operates in conjunction with the "integrated production and sales management platform". Related facilities on the production line, including the fully automated intelligent stereoscopic turnover warehouse, product-level tracking system and remote crane control technology, have all been put into use, further enhancing the Group's production efficiency and product quality control standards.

In relation to the construction of the Group's green and low-carbon base, the Group's distributed photovoltaic power generation project has entered the on-site construction phase and is expected to be connected to the grid within the current year; upon commencement of operation, the project is expected to further reduce the Group's production costs and optimise its energy structure. The reclaimed water reuse project has been completed and water supply has commenced, achieving full replacement of desalinated seawater with municipal reclaimed water, significantly reducing freshwater resource consumption.

OUTLOOK

Looking ahead to the second half of the year, challenges such as global trade protectionism and industry supply-demand imbalance are expected to persist; nevertheless, the Group will continue to firmly pursue its development direction, further deepening its presence in core domestic and overseas customer markets including the "Big Three" national oil companies and Saudi Aramco to enhance its order profitability capabilities; accelerating the development of emerging markets such as coalbed methane, geological drill pipes and construction machinery-related applications; and actively advancing its business deployment in overseas markets such as the Middle East, so as to optimise the Group's market structure.

In terms of technology and production, the Group will continue to deepen its integrated production-sales-R&D collaboration mechanism, accelerate the industrialisation of high-end new products, and continue to advance intelligent manufacturing and digital transformation, so as to strengthen the Group's technological advantages and cost competitiveness in the high-end energy equipment pipe sector. In terms of green development, the Group will continue to advance energy-saving retrofits and the application of renewable energy, striving to achieve high-quality and sustainable development goals.

The Group's management remains cautiously optimistic about the Group's long-term development prospects and will continue to strive to enhance shareholder returns, working hand in hand with all stakeholders to jointly create a sustainable future.

FINANCIAL REVIEW

Revenue

The Group has achieved a total revenue of RMB1,643.8 million during the Reporting Period, representing a decrease of 2.9% from RMB1,693.6 million in the corresponding period of 2025. During the Reporting Period, the revenues from sales of oil and gas pipes, new energy pipes and special seamless steel pipes have both declined.

	Six months ended 30 June 2026		Six months ended 30 June 2025		Changes	
Product Categories	**Sales**	**Percentage of Sales**	Sales	Percentage of Sales	Sales	Percentage
	RMB million	***%***	*RMB million*	*%*	*RMB million*	*%*
Oil and gas pipes	**1,072.9**	**65.3%**	1,078.7	63.7%	(5.8)	(0.5%)
New energy pipes and special seamless steel pipes	**570.9**	**34.7%**	614.9	36.3%	(44.0)	(7.2%)
Total	**1,643.8**	**100.0%**	1,693.6	100.0%	(49.8)	(2.9%)

During the Reporting Period, the Group recorded a slight decrease of 0.5% in the revenue of oil and gas pipes to RMB1,072.9 million (corresponding period of 2025: RMB1,078.7 million), and a decrease of 7.2% in the revenue of new energy pipes and special seamless steel pipes to RMB570.9 million (corresponding period of 2025: RMB614.9 million).

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

	Six months ended 30 June 2026		Six months ended 30 June 2025		Changes	
	Sales	**Percentage of Sales**	Sales	Percentage of Sales	Sales	Percentage
	RMB million	**%**	*RMB million*	%	*RMB million*	%
Domestic Sales	**1,400.5**	**85.2%**	1,475.5	87.1%	(75.0)	(5.1%)
Overseas Sales	**243.3**	**14.8%**	218.1	12.9%	25.2	11.6%
Total	**1,643.8**	**100.0%**	1,693.6	100.0%	(49.8)	(2.9%)

During the Reporting Period, the Group recorded a decrease of 5.1% in the revenue of domestic sales to RMB1,400.5 million (corresponding period of 2025: RMB1,475.5 million), which was mainly attributable to increased industry competition leading to demand fluctuations and a decrease in domestic sales volume.

In terms of overseas sales, sales increased by 11.6% to RMB243.3 million (corresponding period of 2025: RMB218.1 million), which was mainly attributable to an increase in export volume.

Cost of sales

During the Reporting Period, the Group recorded a total cost of sales of RMB1,457.8 million, representing a decrease of 5.4% as compared to RMB1,540.9 million for the corresponding period of 2025, which was mainly due to a decrease in sales volume.

Gross profit and gross profit margin

During the Reporting Period, the Group's total gross profit was RMB185.9 million, representing an increase of RMB33.2 million from RMB152.7 million for the corresponding period of 2025. During the Reporting Period, the Group's overall gross profit margin was 11.3%, representing an increase of 2.3 percentage points from 9.0% for the corresponding period of 2025, mainly due to optimized product mix with increased share of high value-added products.

Other income

During the Reporting Period, the Group's other income was RMB8.6 million, representing a decrease of RMB21.8 million from RMB30.4 million for the corresponding period of 2025, which was mainly due to an increase in exchange losses caused by exchange rate movements and a decrease in tax benefits resulting from changes in the additional VAT deduction policy.

Selling expenses

During the Reporting Period, the Group's selling expenses were RMB77.7 million, representing an increase of approximately 26.5% as compared to RMB61.4 million for the corresponding period of 2025, which was mainly due to the increase in overseas sales volume resulting in higher shipping costs, port charges and commissions, as well as a sharp surge in shipping freight rates caused by regional political factors.

Administrative expenses

During the Reporting Period, the Group's administrative expenses were RMB90.5 million, representing a decrease of approximately 2.4% as compared to RMB92.7 million for the corresponding period of 2025, which was mainly due to the decrease in bad debts and equity-settled share-based payment expenses.

Finance costs

During the Reporting Period, the Group's financial costs were RMB39.4 million, representing a decrease of approximately 5.5% from RMB41.7 million for the corresponding period of 2025, which was mainly due to the decline in loan interest rates.

Income tax

During the Reporting Period, the Group's income tax expense was RMB1.1 million, representing a decrease of approximately RMB1.1 million from RMB2.2 million in the corresponding period of 2025, which was mainly attributable to the decrease in net deferred income tax expense.

Loss for the period

During the Reporting Period, the Group recorded a loss of RMB14.1 million, representing a decrease of approximately RMB0.9 million as compared to the loss of RMB15.0 million for the corresponding period of 2025, mainly due to a decrease in revenue resulting from intensified industry competition.

Capital expenditure

During the Reporting Period, the Group invested RMB111.4 million in property, plant and equipment (corresponding period of 2025: approximately RMB505.8 million). The decrease was mainly due to the near-completion of the Phase Two Expansion project, resulting in a reduction in related project expenditure.

Liquidity, financial resources and capital structure

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

As at 30 June 2026, cash at bank and on hand amounted to RMB504.5 million (31 December 2025: RMB404.2 million) and were mainly denominated in RMB, with a small amount denominated in HKD, Saudi Riyal and US dollars (31 December 2025: mainly denominated in RMB, with a small amount denominated in HKD and US dollars).

As of 30 June 2026, the Group's interest-bearing borrowings were RMB2,810.6 million (31 December 2025: RMB2,467.3 million), of which RMB1,145.3 million (31 December 2025: RMB1,378.5 million) are long-term borrowings and RMB1,665.3 million (31 December 2025: RMB1,088.8 million) are short-term borrowings, and all of them are denominated in RMB(31 December 2025: all were denominated in RMB). As at 30 June 2026, RMB2,017.5 million (31 December 2025: RMB1,591.1 million) out of all of the interest-bearing borrowings of the Group have been charged at fixed interest rates.

Gearing ratio, which is calculated by the net liabilities (interest bearing borrowings net of cash at bank and on hand) divided by the total equity as at the respective period end and multiplied by 100%, was 144.0%, representing a decrease of 9.1 percentage points from 153.1% at the end of 2025. Such decrease was due to the increase in equity resulting from the successful placing.

Current ratio, which is calculated based on the current assets divided by the current liabilities, decreased from 1.07 as at 31 December 2025 to 1.04 as at 30 June 2026.

Employees and remuneration policy

As at 30 June 2026, the Group had 1,908 employees (30 June 2025: 1,934 employees) in total, and total staff costs (inclusive of Directors' emoluments) during the Reporting Period amounted to RMB141.4 million (corresponding period of 2025: RMB131.5 million).

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

Pledge of assets

As at 30 June 2026, the Group's property, plant and equipment with carrying amount of RMB1,077.0 million (31 December 2025: RMB1,075.7 million) and other chattels with carrying amount of RMB1,010.1 million (31 December 2025: RMB992.2 million) were pledged as collateral for the Group's bank borrowings.

Foreign exchange risk

A majority of the Group's businesses are operated in the PRC and are denominated in RMB. With expansion of export business, the Group hedges its exposure to exchange rate fluctuations through forward foreign exchange settlement and it is expected that the Group will not be subject to any material adverse effects arising from exchange rate fluctuation. Nevertheless, the Group will closely monitor the financial market and would consider adopting appropriate measures as and when necessary.

Significant investments held and material acquisitions and disposals

On 11 January 2026, the Company and Dalipal International entered into a share purchase agreement with Zumar Aloufq Company, pursuant to which the Company agreed to sell and Zumar Aloufq Company agreed to purchase 40% of the equity interests in Dalipal International at the total consideration of SAR3.0 million. Completion has not taken place as at the date of this announcement.

Save as disclosed above, during the Reporting Period, the Group did not hold any significant investments or have any material acquisitions or disposals of subsidiaries, associates or joint ventures of the Company.

Future Plans for material investments or capital assets

Other than those disclosed in this announcement, there is no plan for material investments or additions of capital assets as at the date of this announcement.

Contingent liabilities

As at 30 June 2026, the Group did not have any contingent liabilities.

Interim dividends

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

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

During the Reporting Period, the Company repurchased a total of 13,352,000 Shares with an aggregate consideration of approximately RMB35,338,000 on the Stock Exchange, which are held as treasury Shares. Particulars of the Shares repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration
		Highest *HK$*	*Lowest* *HK$*	*RMB*
June	13,352,000	3.40	2.75	35,338,000

During the Reporting Period, the trustee(s) of the Share Award Plans had purchased Shares on the Stock Exchange or off the market for the purpose of satisfying the share awards granted or to be granted under the Share Award Plans.

Completion of the Top-up Placing took place on 30 April 2026 in accordance with the terms and conditions of the Placing and Subscription Agreement, an aggregate of 74,250,000 Top-up Placing Shares were successfully placed by the Placing Agent to not less than six (6) independent placees. As all conditions to the completion of the Top-up Subscription had been fulfilled, the Company allotted and issued 74,250,000 Top-up Subscription Shares to the Vendor at HK$5.28 per Share on 7 May 2026 in accordance with the terms and conditions of the Placing and Subscription Agreement.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

As at 30 June 2026, the Company held 13,352,000 treasury shares. The Company intended to use such treasury shares for subsequent sale or transfer as and when appropriate.

EVENT AFTER THE REPORTING PERIOD

On 24 August 2026, Dalipal International (a direct wholly-owned subsidiary of the Company) entered into a lease agreement with Energy City Development Company in respect of the lease of the part of King Salman Energy Park with a total plot area of 1,030,916 m^2 for a term of 25 years, for the development of the manufacturing facility of the Group in Saudi Arabia.

Save as disclosed above, there was no significant event from the end of the Reporting Period up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has applied and complied with all the code provisions set out in part 2 of the CG Code during the Reporting Period. Reference is made to the announcement of the Company dated 22 May 2026. The Board has implemented certain remedial and compliance measures to enhance its internal control and avoid future occurrence of non-compliance of the Listing Rules in respect of notifiable transactions requirements under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF INTERIM RESULTS

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

GLOSSARY

"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Company"	Dalipal Holdings Limited (達力普控股有限公司), an exempted company limited by shares incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
"Connected Persons' Share Award Plan"	the share award plan for directors and chief executives of the Group adopted by the Company on 31 May 2022, as amended on 19 December 2022 as disclosed in the announcement of the Company dated the same date
"Dalipal International"	Dalipal International for Industry* (達力普國際工業), a limited liability company established under the laws of the Kingdom of Saudi Arabia on 22 August 2024 and a direct wholly owned subsidiary of our Company

"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the options market) operated by the Stock Exchange and which is independent from and operated in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Non-Connected Persons' Share Award Plan"	the share award plan for full-time employees of the Group adopted by the Company on 31 May 2022, as amended on 19 December 2022 as disclosed in the announcement of the Company dated the same date
"Phase Two Expansion"	the construction of phase two production capacity expansion at the Group's factory located at Bohai New District, Cangzhou, Hebei Province, the PRC
"Placing Agent"	The Hongkong and Shanghai Banking Corporation Limited
"Placing and Subscription Agreement"	the agreement dated 27 April 2026 entered into among the Company, the Vendor and the Placing Agent in relation to the Top-up Placing and Subscription
"PRC" or "China"	the People's Republic of China which, for the purposes of this announcement excludes Hong Kong, Macao and Taiwan
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2026
"RMB"	Renminbi, the lawful currency of the PRC
"SAR"	Saudi Arabian Riyal, the lawful currency of Saudi Arabia
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company

"Share Award Plans"	the Non-Connected Persons' Share Award Plan and the Connected Persons' Share Award Plan
"Share Option Scheme"	the share option scheme adopted by a resolution in writing by the then Shareholders on 19 June 2019
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Top-up Placing"	the placing of the Top-up Placing Shares by the Placing Agent to placees pursuant to the Placing and Subscription Agreement
"Top-up Placing and Subscription"	the Top-up Placing and the Top-up Subscription
"Top-up Placing Share(s)"	74,250,000 existing Share(s) held by the Vendor and to be placed by the Placing Agent to placees pursuant to the Top-up Placing
"Top-up Subscription"	the subscription of the Top-up Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
"Top-up Subscription Share(s)"	74,250,000 new Share(s) to be subscribed for by the Vendor pursuant to the Top-up Subscription
"Vendor"	Rosy Astral Limited, a company incorporated in the British Virgin Islands which is owned as to approximately 80.63% and 19.37% by Mr. Meng Fanyong and Mr. Meng Yuxiang, respectively, and a controlling shareholder of the Company
"%"	per cent

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

Hong Kong, 28 August 2026

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