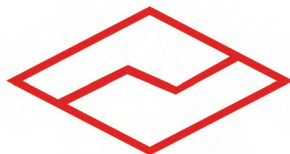


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MAIKE TUBE INDUSTRY HOLDINGS LIMITED

(迈科管业控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1553)

ANNOUNCEMENT OF RESULT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board hereby announces results of the Group for the year ended 31 December 2019.

FINANCIAL HIGHLIGHTS	2019	2018	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	1,125,281	1,214,839	(7.4%)
Gross profit	261,400	279,152	(6.4%)
Gross profit margin	23.2%	23.0%	
Profit for the year	89,673	101,471	(11.6%)
Earnings per share			
— Basic (<i>RMB</i>)	0.265	0.303	(12.5%)
Dividend proposed in respect of the year	—	—	

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

“ASP”	Average selling price
“Board”	The board of Directors
“China” or “PRC”	The People’s Republic of China and, except where the context requires and only for the purpose of this announcement, references to China do not include Taiwan, the Hong Kong Special Administrative Region of the PRC or the Macao Special Administrative Region of the PRC
“Company”	Maike Tube Industry Holdings Limited
“Director(s)”	Director(s) of the Company
“ERW” or “electric technology resistance welding”	The acronym for electric resistance welding, a welding used in the manufacture of pipes under which pipes are made from strips of hot rolled steel coil which are passed through forming rolls and welded by using heat generated by high frequency electric current passing over the surface of the strips
“ERW steel pipe(s)”	Steel pipes formed by utilising ERW technology
“Group”	The Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HVAC”	Heating, ventilation and air conditioning
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	18 December 2019, the date on which the shares were listed and on which dealings in the shares were first permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Prospectus”	prospectus of the Company dated 29 November 2019
“RMB”	Renminbi Yuan, the lawful currency of the PRC

“SSAW steel pipe(s)”	spiral submerged arc welded steel pipes which formed by utilising submerged arc welding technology with spiral weld seam, i.e., pipes made from strips of hot rolled steel plates formed helically into cylinders and then welded as they are formed
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of United States

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the manufacturing and sales of standard prefabricated pipe nipple products; (ii) manufacturing and sales of steel pipe products; and (iii) the design and supply of assembled piping systems. We also sell unused raw materials mainly including steel coils that were procured from our suppliers.

The standard prefabricated pipe nipple products of the Group are used in pipe system to connect different straight pipes or pipe sections, can be adjusted to different sizes or shapes. Standard prefabricated pipe nipple products and steel pipes products have different specifications, such as length, outside diameter and surface finishing which cater for the varying needs of the Group's customers and comply with international standards. We sold most of our of standard prefabricated pipe nipple products and customised steel pipe products directly or indirectly 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 relating to quality control including, among other things, the ISO 9001 certification, ISO 14001 certification and OHSAS 18001 certification. Our products are used and applied in the municipal pipeline system designed for natural gas, water supply, sewage, HVAC and fire extinguish water steel pipes for firefighting. Leveraging our industry knowledge and expertise, we are also capable of designing and supplying assembled piping system for our customers. Our customers would seek technical advice or input to their 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.

EXPAND OUR PRODUCTION TO VIETNAM

In December 2018, we leased a production plant in Dong Nai Province, Vietnam with an area of approximately 3,842 sq.m. for a term of three years for the manufacturing of standard prefabricated pipe nipple products. Viet Nam Piping Industries Company Limited, an indirect wholly-owned subsidiary of the Company, was incorporated on 24 January 2019 and was successfully put into operation in March. Most of our products manufactured in Vietnam were exported to the United States for the year ended 31 December 2019. We will continue to add new production lines in Vietnam as planned. Products manufactured in our production plant in Vietnam will not be used to solely satisfy customers' orders in the United States, but will also satisfy customers' orders in other regions such as Europe, South Africa, Southeast Asia and Middle East.

In 2019, Viet Nam Piping Industries Company Limited, produced approximately 500 tons of standard prefabricated products, and recorded the contract amount of RMB17.3 million with the net profit of approximately RMB5.7 million. The Directors are of the view that the setting up of the expansion production facility in Vietnam will mitigate the impact of China-U.S. Trade War on our operations and financial performance and promote our internationalisation strategy.

OUR ORDERS

In 2019, the Group received new orders for approximately 18,700 tons of standard prefabricated pipe products, of which approximately 90.4% were from overseas customers; we also received new orders for approximately 178,900 tons of steel pipe products, of which approximately 67.9% were from domestic customers. In 2019, we have delivered approximately 18,400 tons of standard prefabricated pipe products and approximately 170,100 tons of steel pipe products.

STANDARD PREFABRICATED PIPE PRODUCTS

The standard prefabricated pipe products are our key competitive products. For the year ended 31 December 2019, our revenue from standard prefabricated pipe products amounted to approximately RMB286.6 million, accounting for 25.5% of the total revenue of the Group; and the gross profit amounted to RMB126.8 million, accounting for approximately 48.5% of the total gross profit of the Group. For the year ended 31 December 2018, our revenue from standard prefabricated pipe nipples products amounted to approximately RMB379.3 million, accounting for 31.2% of the total revenue of the Group; and the gross profit amounted to RMB161.1 million, accounting for approximately 57.7% of the total gross profit of the Group. The decrease in both revenue and gross profit generated from standard prefabricated pipe nipples products was primarily due to the decrease in orders delivered to customers in the U.S. by the Group caused by trade tension between the United States and the PRC. In 2019, the Group delivered approximately 12,700 tons of standard prefabricated pipe products to customers in the United States, representing a decrease of 13.0% compared to approximately 14,600 tons in 2018. Our Group strived to mitigate the impact of trade tension between the U.S. and the PRC on our Group's operations and financial performance through our advantages, such as the strong quality control capabilities, comprehensive product offerings and short delivery cycle.

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 extinguish. In order to meet the demand of individual customers, the Group produced standard steel pipes with value-added processes under customised requirements of customers, including but not limited to pipe body processing, non-standardised surface treatment, pipe end processing, thickened galvanisation, and internal smoothing. In 2019, our ERW steel pipes, spiral submerged arc welded steel pipes and customised steel pipes recorded revenues of approximately RMB367.0 million, RMB214.8 million and RMB201.8 million, respectively, representing a year-on-year increase of 4.7%, -26.5% and 53.4% as compared to 2018, respectively. The total revenue of steel pipe products accounted for approximately 69.6% of the total revenue for the year ended 31 December 2019.

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. In 2019, our design and supply of assembled piping system recorded the revenue of approximately RMB11.9 million, representing a year-on-year increase of approximately 10.1% as compared to 2018, accounting for approximately 1.1% of the total revenue for the year ended 31 December 2019.

FINANCIAL REVIEW

Our 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 mainly including steel coils that were procured from suppliers.

For the year ended 31 December 2019, our total revenue was approximately RMB1,125.3 million, representing a decrease of approximately RMB89.6 million or 7.4%. The decrease in revenue was mainly due to (i) the decline in the average selling price of the products, which was caused by a decline in the cost of raw materials; (ii) a year-on-year decrease in spiral pipes delivered; and (iii) the decrease in orders delivered to customers in the United States by the Group caused by trade tension between the United States and the PRC.

Sales by product categories

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

	2019				2018			
	Revenue <i>RMB'000</i>	% of total	Gross profit <i>RMB'000</i>	Gross profit margin	Revenue <i>RMB'000</i>	% of total	Gross profit <i>RMB'000</i>	Gross profit margin
Standard prefabricated pipe nipples	286,557	25.5%	126,841	44.3%	379,267	31.2%	161,061	42.5%
Steel pipe products								
ERW steel pipes	367,038	32.6%	54,010	14.7%	350,410	28.8%	40,742	11.6%
SSAW steel pipes	214,776	19.1%	39,464	18.4%	292,183	24.1%	50,356	17.2%
Customised steel pipes	201,821	17.9%	37,149	18.4%	131,589	10.8%	23,527	17.9%
Design and supply of assembled piping system	11,867	1.1%	3,378	28.5%	10,774	0.9%	3,174	29.5%
Sales of unused raw materials	43,222	3.8%	558	1.3%	50,616	4.2%	292	0.6%
Total	1,125,281	100.0%	261,400	23.2%	1,214,839	100.0%	279,152	23.0%

	2019			2018		
	Sales volume <i>ton'000</i>	% of total	ASP <i>RMB/ton</i>	Sales volume <i>ton'000</i>	% of total	ASP <i>RMB/ton</i>
Standard prefabricated pipe nipples	18.4	9.1%	15,603	24.9	12.2%	15,209
Steel pipe products						
ERW steel pipes	79.2	39.2%	4,634	73.8	36.1%	4,753
SSAW steel pipes	51.2	25.4%	4,195	65.7	32.1%	4,447
Customised steel pipes	39.7	19.7%	5,086	25.6	12.5%	5,148
Design and supply of assembled piping system	N/A	N/A	N/A	N/A	N/A	N/A
Sales of unused raw materials	13.3	6.6%	3,246	14.5	7.1%	3,487
Total	201.7	100.0%	5,576	204.5	100.0%	5,940

Sales by geographical regions

The following table sets forth the breakdown of our revenue, sales volume and ASP by geographical regions of our products for the periods indicated:

	2019				2018			
	Revenue <i>RMB'000</i>	% of revenue	Sales volume <i>ton'000</i>	ASP <i>RMB/ton</i>	Revenue <i>RMB'000</i>	% of revenue	Sales volume <i>ton'000</i>	ASP <i>RMB/ton</i>
Domestic market								
PRC	618,975	55.0%	136.0	4,551	655,546	54.0%	135.5	4,838
Overseas markets								
The United States	205,684	18.3%	12.7	16,196	247,510	20.4%	14.6	16,953
Other countries in America (excluding the United States)	120,627	10.7%	20.3	5,942	101,215	8.3%	14.2	7,128
Other countries in Asia (excluding the PRC)	118,849	10.6%	23.3	5,101	169,760	14.0%	34.2	4,964
Europe	17,931	1.6%	1.8	9,962	13,803	1.1%	1.3	10,618
Others	43,215	3.8%	7.6	5,686	27,005	2.2%	4.7	5,746
Total	1,125,281	100.0%	201.7	5,576	1,214,839	100.0%	204.5	5,940

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

OTHER INCOME

In 2019, other income mainly represents interest income and government grant, which increased from approximately RMB0.4 million in 2018 by approximately 350.0% or RMB1.4 million to approximately RMB1.8 million in 2019. The increase in other income was mainly due to the increase in government grant by RMB1.4 million.

OTHER GAINS AND LOSSES

In 2019, 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 loss on derivative financial instruments and net exchange gains or losses. Other gains and losses increased from approximately RMB1.1 million in 2018 by approximately 954.5% or approximately RMB10.5 million to approximately RMB11.6 million in 2019. Changes in other gains and losses were mainly due to the increase in structured bank deposits by approximately RMB0.9 million; fair value gains on foreign currency forward contracts recorded approximately RMB0.8 million in 2019 as compared to losses of approximately RMB11.7 million in the same period of 2018; and fair value gains on derivative financial instrument of approximately RMB0.5 million in 2019 as compared to losses of approximately RMB0.7 million in the same period of 2018.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses decreased from approximately RMB65.9 million in 2018 by approximately 2.9% or RMB1.9 million to approximately RMB64.0 million in 2019, which was primarily due to the decrease in overseas sales of standard prefabricated products.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from approximately RMB26.2 million in 2018 by approximately 15.6% or RMB4.1 million to approximately RMB30.3 million in 2019, which was primarily due to the increase in compensation of management staff and the increase in professional fees for the consulting services during the year.

RESEARCH AND DEVELOPMENT COSTS

The cost of research and development decreased from approximately RMB50.0 million in 2018 by approximately 8.4% or RMB4.2 million to approximately RMB45.8 million in 2019. Our research and development costs accounted for approximately 4.1% of the total revenue (2018: approximately 4.1%).

IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS

For the year ended 31 December 2019, impairment losses on trade receivables and contract assets were approximately RMB0.3 million (2018: approximately RMB0.1 million).

FINANCE COSTS

Finance costs were approximately RMB12.5 million in 2019, representing a decrease of RMB2.0 million as compared to approximately RMB14.5 million in 2018. The decrease in finance costs was primarily due to the decrease in bank loans. The effective interest rate for the year ended 31 December 2019 was approximately 4.4% (2018: approximately 4.6%).

TAXATION CHARGE

Taxation charge decreased from RMB17.9 million for the year ended 31 December 2018 to RMB14.5 million for the year ended 31 December 2019, primarily due to the decrease in sales.

PROFIT FOR THE YEAR

For the year ended 31 December 2019, the profit for the year was approximately RMB89.7 million with the net profit margin of approximately 8.0%. Excluding the non-recurring listing expenses of approximately RMB17.7 million and RMB4.5 million for the years ended 31 December 2019 and for the year ended 31 December 2018, the adjusted profit for the year was approximately RMB107.4 million and RMB106.0 million, respectively for the respective periods, representing an increase of 1.3%. Our adjusted profit margin was approximately 9.5% and 8.7%, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The following table sets forth certain information on our consolidated statements of cash flows for the years ended 31 December 2018 and 2019:

	Years ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	13,050	111,162
Net cash generated from/(used in) investing activities	41,568	(102,043)
Net cash generated from/(used in) financing activities	114,040	(16,458)
Increase/(decrease) in cash and cash equivalents	168,658	(7,339)
Cash and cash equivalents at beginning of year	46,450	53,789
Cash and cash equivalents at end of year	215,108	46,450

NET CASH GENERATED FROM OPERATING ACTIVITIES

Our net cash generated from operating activities decreased from approximately RMB111.2 million for the year ended 31 December 2018 to approximately RMB13.1 million for the year ended 31 December 2019.

The decrease in net cash generated from operating activities was mainly (i) decrease in revenue; (ii) increase in inventories; (iii) increase in trade receivables, trade receivables backed by bills and contract assets; (iv) increase in deposits, prepayments and other receivables; and (v) decrease in trade and bills payables.

NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES

Our net cash from investing activities changed from a net outflow of approximately RMB102.0 million in 2018 to a net inflow of approximately RMB41.6 million in 2019. The change in net cash was primarily due to a year-on-year increase in withdrawal of structured bank deposits.

NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES

Our net cash from financing activities increased from net outflow of approximately RMB16.5 million in 2018 to a net inflow of approximately RMB114.0 million in 2019. The changes in net cash used in financing activities were primarily due to the combination of the following factors: (i) funds raised from issuance of shares; and (ii) repayment of bank borrowings and payment of bank loan interest.

NET CURRENT ASSETS AND LIABILITIES

Inventories

Our balance of inventories increased by approximately RMB17.1 million or 9.62% from approximately RMB177.8 million as at 31 December 2018 to approximately RMB194.9 million as at 31 December 2019, which was mainly driven by the increase of undelivered orders. Our average turnover days of inventories (net of provision) increased from 70 days for the year ended 31 December 2018 to 79 days for the year ended 31 December 2019, mainly due to (i) increase in inventories, and (ii) decrease in revenue.

TRADE RECEIVABLES AND TRADE RECEIVABLES BACKED BY BILLS

Our trade receivables increased from approximately RMB165.2 million as at 31 December 2018 to approximately RMB185.9 million as at 31 December 2019, mainly due to increase in sales in the fourth quarter of 2019.

Our trade receivables backed by bills increased from approximately RMB50.2 million as at 31 December 2018 to approximately RMB76.2 million as at 31 December 2019, mainly due to increase in bank bills received.

CONTRACT ASSETS

Our contract assets decreased from approximately RMB18.8 million as of 31 December 2018 to approximately RMB16.4 million as of 31 December 2019, mainly due to the maturity of part of contracts assets.

DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Our deposits, prepayments and other receivables increased from approximately RMB40.7 million as at 31 December 2018 to approximately RMB70.9 million as at 31 December 2019, mainly due to the increase in advances for increased purchase of steel coils.

AMOUNTS DUE FROM/TO RELATED PARTIES

Amounts due from related parties increased from approximately RMB4.4 million as at 31 December 2018 to approximately RMB6.5 million as at 31 December 2019, mainly due to unsettled trade amounts at the end of the period.

Amounts due to related parties decreased from approximately RMB11.6 million as at 31 December 2018 to approximately RMB0.5 million as at 31 December 2019, mainly due to the settlement of trade amounts at the end of the period.

TRADE PAYABLES

Our trade payables decreased from approximately RMB51.6 million as of 31 December 2018 to approximately RMB42.4 million as of 31 December 2019, mainly due to the settlement of trade payables to our suppliers at the end of the period.

CONTRACT LIABILITIES

Our contract liabilities increased from approximately RMB16.4 million as at 31 December 2018 to approximately RMB25.4 million as at 31 December 2019, which was related to timing of delivery of products to our customers.

REFUND LIABILITIES

Our refund liabilities decreased from approximately RMB15.8 million as of 31 December 2018 to approximately RMB7.3 million as of 31 December 2019, primarily due to (i) settlement; and (ii) decrease in revenue.

OTHER PAYABLES AND ACCRUED CHARGES

Our other payables and accrued charges increased from approximately RMB26.0 million as of 31 December 2018 to approximately RMB34.8 million as of 31 December 2019, primarily due to the increase in compensation payable and accrual expenses.

PROVISIONS

Our provisions increased from approximately RMB1.3 million as of 31 December 2018 to approximately RMB1.5 million as of 31 December 2019. Provisions represent warranty provided for our products sold.

CAPITAL COMMITMENTS

As at 31 December 2019, our capital commitments amounted to approximately RMB15.0 million (2018: approximately RMB3.8 million).

BORROWINGS

Our borrowings decreased from approximately RMB300.2 million as of 31 December 2018 to approximately RMB237.5 million as of 31 December 2019, mainly due to repayment of bank loans with the raised fund and part of our own fund.

LEASE LIABILITIES

As of 31 December 2019, our Group leased a property to operate our factory 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 RMB0.8 million, as we leased a production plant in Vietnam in end of 2018, of which RMB0.4 million was secured by rental deposit, but unguaranteed.

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 and HKD;
- (ii) Sales of goods to overseas customers and related trade receivables are denominated in USD.

Our Group mainly manages potential fluctuation in foreign exchange through foreign currency forward contracts, and has not entered into any hedging transactions.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2019.

PLEDGE OF ASSETS

As at 31 December 2019, our Group pledged certain property, plant and equipment, Right-of-use assets, trade receivables backed by bills and pledged bank deposits with the total net book value of approximately RMB32.9 million (2018: approximately RMB86.1 million) to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities.

MAJOR INVESTMENTS IN, MAJOR ACQUISITIONS OF AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Except for the reorganisation and corporate structure disclosed in the Prospectus, the Group did not have any other material acquisitions or disposals during the year ended 31 December 2019.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There were no significant events subsequent to 31 December 2019 which would materially affect the Group's operating and financial performance as of the date of this report.

EMPLOYEES AND COMPENSATION POLICIES

For the year ended 31 December 2019, labor costs (including Directors' remunerations and emoluments in other forms) were approximately RMB74.9 million (2018: RMB61.7 million). Our Group's employees are generally remunerated by way of fixed salary and commission will be awarded to our sales and marketing staff if they have achieved certain sales targets. Our 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 of 31 December 2019, we had 838 employees (2018: 826 employees), 756 of whom were in the PRC and 82 of whom are located in Vietnam. A breakdown of our employees by functions is set forth below:

Function	As at 31 December 2019	
	PRC	Vietnam
Managerial, administrative and accounts	43	4
Production	473	71
Quality control	30	5
Procurement and inventory	30	2
Research and development	105	0
Sales and marketing	75	0
Total number of employees	<u>756</u>	<u>82</u>

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.

ENVIRONMENT POLICIES AND PERFORMANCE

The major pollutants generated by our Group in the manufacturing process include various kinds of exhaust gas and wastewater which could be dangerous to human body. We are subject to the relevant PRC and Vietnam environmental laws and regulations promulgated by both the state and local governments. During the Reporting Period, we complied with the pollutant discharge standards, under which the amount of different kinds of heavy exhaust gas and wastewater discharge cannot exceed the prescribed levels.

To ensure our due compliance with the pollutant discharge standard under the relevant PRC and Vietnam environmental laws, rules and regulations, we are implementing the following systems:

- (i) the manufacturing technology, production lines and processes applied/to be applied by our Group as well as samples of the wastewater and gas emission are thoroughly evaluated, tested and analysed by our research and development team;
- (ii) we shall closely monitor the level of pollutants in each step of our production process and we shall take appropriate remedial actions if the level of pollutants exceeds the regulated levels;
- (iii) we shall collect and analyse the samples from our wastewater and gas emission from our manufacturing process on regular basis to ensure our due compliance with relevant discharge standards; and
- (iv) our research and development team makes ongoing efforts to develop new technologies to enhance our manufacturing process to minimise the discharge of pollutants.

During the year, we did not have any material breaches of environmental protection standards causing material adverse impact on our business operations and financial conditions.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2019, our Group had complied with applicable laws and regulations that have a material impact on the Group's business operations.

FUTURE PLANS AND PROSPECTS

In terms of overseas markets, the China-U.S. phase-one economic and trade deal has been signed, and follow-up negotiations are expected to start, which are significant for stabilizing relations between the two major powers, preventing the escalation of the trade war, boosting the confidence of global consumers and investors, and promoting market demand and trade volume. In terms of the domestic market, China has implemented reconstruction projects on urban underground pipes and corridor, intensified the replacement of coal with gas in key areas, vigorously promoted prefabricated buildings and green buildings, and conducted thermal reconstruction of vast rural areas satisfying relevant conditions. Riding on current situations, the Group will seize the above opportunities to strengthen our own capacities. We will achieve sustainable growth, further strengthen our position in the standard prefabricated pipe nipple industry and steel pipe industry and create long-term value for our Shareholders by executing the following strategies: (i) increase our production capacity for ERW steel pipes by the addition of new production lines; (ii) strengthen the production capacity and competitiveness of spiral welded pipes by upgrading our spiral welded pipes production lines and adding new production facilities; (iii) increase the production capacity of Viet Nam Piping Industries Company Limited, and expand our business horizontally through acquisitions; and (iv) increase investment in research and development to further strengthen our research and development capabilities.

As of the date of the consolidated financial statements being authorised to issue, business operations of the Group in China have been impacted by an outbreak of the novel coronavirus (COVID-19) since the latter half of January 2020, which has endangered the health of many people residing in China. As a result, certain short-term measures have been undertaken by the PRC Government and various provincial or municipal governments including but not limited to implementation of travel restrictions, extension of national holidays and suspension of construction projects, which was significantly disrupted travel and local economy. In addition, our production facilities were required for a temporary closure by the PRC Government in the early of February 2020, despite the financial impact was not significant. In long run, COVID-19 may bring a negative impact to the global or China economy which may have an adverse effect on our business.

In the opinion of the Directors, the impact of the COVID-19 to the Group is uncertain up to the date of this report. Management will remain alert to the development of the epidemic and take appropriate measures as appropriate.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>NOTES</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue	3	1,125,281	1,214,839
Cost of sales		(863,881)	(935,687)
Gross profit		261,400	279,152
Other income		1,849	399
Other gains and losses		11,596	1,090
Distribution and selling expenses		(64,031)	(65,909)
Administrative expenses		(30,312)	(26,248)
Research and development costs		(45,831)	(49,990)
Impairment losses on trade receivables and contract assets		(278)	(92)
Finance costs	5	(12,547)	(14,464)
Listing expenses		(17,723)	(4,523)
Profit before taxation	4	104,123	119,415
Taxation charge	6	(14,450)	(17,944)
Profit for the year		89,673	101,471
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		572	—
Total comprehensive income for the year		90,245	101,471
Profit for the year attributable to:			
— Owners of the Company		77,342	52,146
— Non-controlling interests		12,331	49,325
		89,673	101,471
Total comprehensive income for the year attributable to:			
— Owners of the Company		77,994	52,146
— Non-controlling interests		12,251	49,325
		90,245	101,471
Earnings per share			
— Basic (<i>RMB yuan</i>)	7	0.265	0.303

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	<i>NOTE</i>	2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		226,253	208,386
Deferred tax assets		1,233	1,799
Deposits for plant and equipment		7,345	4,221
		<u>234,831</u>	<u>214,406</u>
Current assets			
Inventories		194,856	177,827
Trade receivables	8	185,905	165,181
Trade receivables backed by bills		76,232	50,170
Contract assets		16,367	18,774
Deposits, prepayments and other receivables		70,901	40,722
Amounts due from related parties		6,497	4,392
Financial assets at fair value through profit or loss (“FVTPL”)		9,500	86,843
Pledged bank deposits		1,000	3,284
Time deposits		134,370	—
Bank balances and cash		80,738	46,450
		<u>776,366</u>	<u>593,643</u>
Current liabilities			
Trade payables		42,381	51,570
Contract liabilities		25,388	16,402
Derivative financial instruments		—	179
Refund liabilities		7,321	15,781
Other payables and accrued charges		34,803	25,996
Amount due to a related party		500	11,559
Provisions		1,489	1,337
Tax liabilities		2,860	4,094
Borrowings	10	237,491	300,247
Lease liabilities		843	730
		<u>353,076</u>	<u>427,895</u>
Net current assets		<u>423,290</u>	<u>165,748</u>
Total assets less current liabilities		<u>658,121</u>	<u>380,154</u>

	<i>NOTE</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current liability			
Lease liabilities		<u>779</u>	<u>1,622</u>
Net assets		<u>657,342</u>	<u>378,532</u>
Capital and reserves			
Share capital	9	304	86,300
Reserves		<u>657,038</u>	<u>108,493</u>
Attributable to owners of the Company		657,342	194,793
Non-controlling interests		<u>—</u>	<u>183,739</u>
Total equity		<u>657,342</u>	<u>378,532</u>

NOTES

1. GENERAL

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 1 February 2019. Its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 December 2019. 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 of steel pipe products and the prefabricated pipe nipple products.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD (“HKFRS”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has consistently applied HKFRS 16 *Leases* (“HKFRS 16”) throughout the two years ended 31 December 2019. The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs which are not yet effective:

HKFRS 17	<i>Insurance Contracts¹</i>
Amendments to HKFRS 3	<i>Definition of a Business²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture³</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material⁴</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

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 current year:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<i>Recognised at a point in time:</i>		
Sales of pipe products:		
— ERW steel pipes	367,038	350,410
— Standard prefabricated pipe nipples	286,557	379,267
— Spiral Submerged Arc Welded steel pipes	214,776	292,183
— Customised steel pipes	201,821	131,589
— Design and supply assembled piping system	11,867	10,774
Sales of unused raw materials	43,222	50,616
	<u>1,125,281</u>	<u>1,214,839</u>

Segmental information

The Group's operation is derived from the production and sales of pipe products in the PRC and Vietnam. 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, which are prepared based on same accounting policies. Accordingly, no operating segment is presented.

Geographical information

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

	Revenue from external customers		Non-current assets (note)	
	Year ended 31 December		As at 31 December	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	618,975	655,546	228,194	212,607
The United States of America ("US")	205,684	247,510	—	—
Other countries in America (excluding US)	120,627	101,215	—	—
Other countries in Asia (excluding PRC)	118,849	169,760	5,404	—
Europe	17,931	13,803	—	—
Others	43,215	27,005	—	—
	<u>1,125,281</u>	<u>1,214,839</u>	<u>233,598</u>	<u>212,607</u>

Note: Non-current assets excluded deferred tax assets.

4. PROFIT BEFORE TAXATION

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation has been arrived at after charging (crediting)		
Auditor's remuneration	2,180	29
Directors' emoluments	2,661	2,315
Other staff costs:		
— Salaries and other benefits	61,592	49,750
— Contributions to retirement benefit schemes	10,599	9,616
Less: capitalised in inventories	(45,832)	(36,587)
Total staff costs	26,359	22,779
Depreciation of property, plant and equipment	19,572	17,775
Less: capitalised in inventories	(16,150)	(15,644)
Total depreciation	3,422	2,131
Cost of inventories sold	863,881	935,687
Write-down of inventories (included in cost of inventories sold)	366	3,457

5. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Finance costs represent interest on:		
— bank borrowings	6,743	124
— other borrowings from a related party	5,434	14,331
— discounted bills	276	—
— lease liabilities	94	9
	<u>12,547</u>	<u>14,464</u>

6. TAXATION CHARGE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”):		
— Current year	13,895	17,742
— (Over) under provisions in prior years	(11)	226
	<u>13,884</u>	17,968
Deferred tax charge (credit)	<u>566</u>	<u>(24)</u>
Taxation charge	<u>14,450</u>	<u>17,944</u>

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

Jinan Mech was recognised as a High and New Technology Enterprises during the year 2017 and the applicable tax rate is 15% from 1 January 2017 to 31 December 2019.

Jinan Ma Steel was recognised as a High and New Technology Enterprises in the year 2015 and 2018, respectively, and the applicable tax rate is 15% from 1 January 2015 to 31 December 2020.

No provision for income tax has been made for Tube Industry Investments Limited in Hong Kong as there was no estimated assessable profit during the year ended 31 December 2019.

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

Under the tax law in Vietnam, the tax rate of Viet Nam Piping Industries Company Limited is 20%. Viet Nam Piping Industries Company Limited has been granted to enjoy 2-years exemption of income tax followed by 4-year 50% reduction of income tax from the first profit making year. Starting from 2019, Viet Nam Piping Industries Company Limited enjoyed the 2-years exemption of income tax.

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

	2019 RMB'000	2018 <i>RMB'000</i>
Profit before taxation	104,123	119,415
Taxation at PRC EIT rate of 25%	26,031	29,854
Tax effect of expenses not deductible for tax purposes	926	1,870
Tax deduction on research and development expenses (<i>note</i>)	(2,346)	(2,664)
(Over) under provisions in prior years	(11)	226
Effect of different tax rates of subsidiaries operating in other jurisdictions	(287)	—
Income tax at concessionary rate	(9,863)	(11,342)
Taxation charge for the year	14,450	17,944

Note: Pursuant to Caishui [2018] circular No.99, Jinan Mech and Jinan Ma Steel enjoy super deduction of 175% (2018: 175%) on qualifying research and development expenditure for the year ended 31 December 2019.

7. EARNINGS PER SHARE

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

	2019 RMB'000	2018 <i>RMB'000</i>
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year — attributable to owners of the Company)	77,342	52,146
	2019 '000	2018 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	291,449	172,376

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and Capitalisation Issue has been effective on 1 January 2018.

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

8. TRADE RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	191,908	171,464
Less: allowance of impairment loss	<u>(6,003)</u>	<u>(6,283)</u>
Total trade receivables	<u><u>185,905</u></u>	<u><u>165,181</u></u>

The Group allows credit period of 0 to 180 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.

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
0–60 days	128,970	108,918
61–180 days	52,329	50,498
181 days–1 year	3,769	995
Over 1 year	<u>837</u>	<u>4,770</u>
	<u><u>185,905</u></u>	<u><u>165,181</u></u>

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

The Group did not hold any collateral over these balances.

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime expected credit loss (“ECL”). Apart of debtors with credit impaired and customers with outstanding significant trade receivables exceeding RMB10,000,000 and relevant contract assets, the Group determines the ECL on these items using a provision matrix grouped into the following categories with reference to past default experience for recurring customers and current past due exposure for new customers.

9. SHARE CAPITAL

As at 1 January 2018 and 31 December 2018, the share capital represented the share capital of Jinan Mech attributable to owners of the Company.

The share capital as at 31 December 2019 represented the issued share capital of the Company.

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

	Number of shares	Amount US\$	US\$'000	Equivalent amount to RMB'000
Ordinary Shares of US\$0.0001 each				
Authorised:				
At 1 February 2019 (date of incorporation) and 31 December 2019	500,000,000	50,000	50	335
Issued and fully paid				
At 1 February 2019 (date of incorporation) (note i)	16,267	2	—	—
Issue of shares on 18 April 2019 (note ii)	503	—	—	—
Capitalisation Issue (note iii)	335,383,230	33,538	34	235
Issue of new shares by ways of global offering (note iv)	98,400,000	9,840	10	69
At 31 December 2019	433,800,000	43,380	44	304

Notes:

- i. The Company was incorporated on 1 February 2019 and 16,267 Shares were allotted and issued to the initial subscriber.
- ii. Pursuant to the equity transfer agreement dated 5 March 2019, Tong Chuang Sheng De Investment and Management Partnership sold 2.999% equity interest in Jinan Mech to Tube Industry Investments Limited, which is wholly-owned by Guan Dao Investments Limited, which was then wholly-owned by Mr. Meining at a consideration of RMB11,217,000 which was fully settled on 3 April 2019.

Pursuant to the share purchase agreement dated 18 April 2019, the Company acquired the entire issued share capital of Guan Dao Investments Limited, a company wholly-owned by Mr. Meining and in exchange, the Company issued 503 Shares to Meining Investments Limited, a company wholly-owned by Mr. Meining, representing 2.999% of the then issued share capital as consideration.

Amount of US\$0.0503 (equivalent to RMB nil) was recorded in share capital, which represented 2.999% of equity interest of the Company and the remaining amount of RMB11,217,000 was recorded in share premium.

- iii. On 18 December 2019, the Company capitalised the sum of US\$33,538.3 (approximately equivalent to RMB235,000) standing to the credit of the share premium account of the Company and applied the amount towards paying up in full 335,383,230 shares of nominal value of US\$0.0001 each for allotment to the shareholders as appearing on the register of members of the Company immediately before the listing of the shares of the Company on the Stock Exchange (“**Capitalisation Issue**”).
- iv. On 18 December 2019, the Company issued 98,400,000 ordinary shares of nominal value of US\$0.0001 each pursuant to the global offering at the price of HK\$2.28 per ordinary share and the Company’s shares were listed on the Stock Exchange on the same date.

10. BORROWINGS

	2019	2018
	<i>RMB’000</i>	<i>RMB’000</i>
Secured bank borrowings (<i>note a</i>)	30,040	30,025
Unsecured bank borrowings (<i>note b</i>)	189,251	—
Unsecured other borrowings (<i>note c</i>)	—	270,222
Discounted bills borrowings (<i>note d</i>)	18,200	—
	<u>237,491</u>	<u>300,247</u>
Carrying amounts of borrowings:		
— repayable within one year	<u>237,491</u>	<u>300,247</u>

Notes:

- a As at 31 December 2019, the secured bank borrowings carried variable interest rate at benchmark lending rate of the PRC plus 0.2%, approximately 4.55% (2018: 4.80%) per annum.
- b As at 31 December 2019, the unsecured bank borrowings carried variable interest rate at benchmark lending rate of the PRC plus 0.04%, approximately 4.39% per annum.
- c The other borrowings from Meide through a financial institution which carried fixed interest rates ranging from 4.35% to 4.80% per annum during the year 2018. Mr. Kong owned 35.49% equity interests in Meide. He also obtained the control of Meide since 2017. During the current year, the other borrowings from Meide were repaid by the Group in 2019.
- d As at 31 December 2019, the discounted bills borrowings carried fixed interest rate at 2.88% per annum.

Details of assets pledged by the Group at the end of each reporting period are set out in note 11.

11. PLEDGE OF ASSETS

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Property, plant and equipment	13,040	37,450
Right-of-use assets	706	43,351
Trade receivables backed by bills	18,200	2,000
Pledged bank deposits	1,000	3,284
	32,946	86,085

USE OF PROCEEDS

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

As at 31 December 2019, the net proceeds from the global offering had been applied as follows:

	Net Proceeds		
	Planned (RMB'000)	Utilised (RMB'000)	Unutilised (RMB'000)
Increasing our production capacity of our production of ERW steel pipes	31,625	—	31,625
Upgrading one of the SSAW steel pipes production line	37,118	—	37,118
Setting up a new production facilities building	15,646	—	15,646
Expanding to overseas to increase the production capacity	15,646	—	15,646
Expanding our business horizontally through acquisition/collaboration	16,645	—	16,645
Strengthen research and development capabilities	16,645	—	16,645
Repayment of borrowings	16,645	16,645	—
General working capital	16,478	3,062	13,416
	<u>166,448</u>	<u>19,707</u>	<u>146,741</u>

Since the Listing and up to the date of this announcement, the unutilised net proceeds of RMB146.7 million from initial public offering were deposited in the licensed banks in the PRC and Hong Kong.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date up to the date of this announcement.

CORPORATE GOVERNANCE

The Board has reviewed the Company’s corporate governance practices and is of the view that, since the Listing Date up to 31 December 2019, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

PUBLIC FLOAT

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

COMPLIANCE ADVISER’S INTERESTS

As informed by the Company’s compliance adviser, Fortune Financial Capital Limited (the “**Compliance Adviser**”), as at 31 December 2019, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 14 May 2019, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Group, which is required to be notified to the Group pursuant to the Listing Rules.

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

Neither the Company nor any of the subsidiaries of the Company purchased, redeemed or sold the listed securities of the Company during the year ended 31 December 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements

issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW BY THE AUDIT COMMITTEE

The annual results of the Company for the year ended 31 December 2019 has been reviewed by the audit committee of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Monday, 25 May 2020. The notice of the annual general meeting will be issued and despatched in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 May 2020 to Monday, 25 May 2020, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be entitled to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 19 May 2020.

By order of the Board
Maikē Tube Industry Holdings Limited
KONG Linglei
Chairman and executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. KONG Linglei, Mr. GUO Lei, Mr. XU Jianjun and Mr. YANG Shufeng; and the independent non-executive Directors are Mr. LIU Fengyuan, Mr. DING Xiaodong and Mr. MA Changcheng.