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Dalipal Holdings Limited

達力普控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1921)

PROFIT WARNING

This announcement is made by Dalipal Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (“**FY2020**”) and other information currently available to the board (“**Board**”) of directors (“**Directors**”) of the Company, the Board would like to inform shareholders of the Company (“**Shareholders**”) and potential investors that the Group expects to record a net loss in the range of RMB120 million to RMB140 million for FY2020 as compared to the Group’s net profit of approximately RMB337.4 million for the year ended 31 December 2019. Such net loss was mainly attributable to the following:

- (a) the outbreak of the novel coronavirus (COVID-19) pandemic (“**Pandemic**”), which led to the temporary suspension of the Group’s production facilities during the first quarter of 2020 and the subsequent disruption to the Group’s operation from time to time as disclosed in the announcements of the Company dated 11 February 2020 and 4 March 2020;
- (b) the decrease in demand and prices for the Group’s oil country tubular goods (“**OCTG**”) products as oil companies’ operations were disrupted by the Pandemic, which had caused oil companies to become more conservative in their exploration and development; and
- (c) the decrease in gross profit margin of the Group’s OCTG products as a result of (i) the increase in cost of raw materials, such as scrap metals as a result of the Pandemic; and (ii) the decrease in production efficiency as a result of the reduction in production volume of the Group’s OCTG products and the fixed costs which had to be incurred during the production suspension period.

The information contained in this announcement is only based on preliminary assessment by the Company of its unaudited consolidated management accounts for FY2020 and is not based on any figure or information audited or reviewed by the Company's independent auditors, and may be subject to possible amendments and adjustments. Where more relevant information is available to the Board for ascertaining the financial position and performance in relation to the annual results for FY2020, a further announcement will, as necessary, be published. Shareholders and potential investors should read the annual results announcement of the Company for FY2020, which is expected to be published before the end of March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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, 19 January 2021

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