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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)

DISCLOSEABLE TRANSACTION EPC CONTRACT

THE EPC CONTRACT

On 1 February 2024, Dalipal Pipe (an indirect wholly-owned subsidiary of the Company) (as principal) and the Contractor (as contractor) have entered into the EPC Contract, pursuant to which Dalipal Pipe agreed to engage the Contractor to provide EPC services in relation to the Project for a total contract sum of RMB881,932,200.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the EPC Contract and the transactions contemplated thereunder exceed 5% but all are less than 25%, the EPC Contract and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant reporting and announcement requirements under Rule 14.34 of the Listing Rules in respect of the EPC Contract and the transactions contemplated thereunder, which constituted a discloseable transaction, as and when such obligations arose (i.e. as soon as possible after the date of the EPC Contract, being 1 February 2024). Regrettably, there was a delay in the issue of this announcement due to a misunderstanding of the application of the requirements under Chapter 14 of the Listing Rules on the part of the project team of Dalipal Pipe in charge of the Project. The EPC Contract was therefore not timely brought to the attention of the compliance department at the headquarters of the Group. The Board and the Company acknowledge that there was a non-compliance with Rule 14.34 of the Listing Rules, which was inadvertent and not intentional.

The Board has implemented certain remedial measures to avoid future occurrence of non-compliance of the Listing Rules.

The Board announces that, on 1 February 2024, Dalipal Pipe (an indirect wholly-owned subsidiary of the Company) (as principal) and the Contractor (as contractor) have entered into the EPC Contract, pursuant to which Dalipal Pipe agreed to engage the Contractor to provide EPC services in relation to the Project for a total contract sum of RMB881,932,200.

THE EPC CONTRACT

The principal terms of the EPC Contract are set out as follows:

Date

1 February 2024

Parties

- (i) Dalipal Pipe Co., Ltd.* (達力普石油專用管有限公司), as principal; and
- (ii) MCC Capital Engineering & Research Incorporation Limited* (中冶京誠工程技術有限公司), as contractor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Dalipal Pipe agreed to engage the Contractor to provide EPC services in relation to the Project. The scope of the EPC services under the EPC Contract includes the design, equipment, procurement, installation, calibrations and supply of materials for the construction; construction, installation and calibrations for production facilities and public facilities; equipment testing; completion inspection; training; delivery of information; and quality assurance.

The work conducted by the Contractor shall be in compliance with national and industry rules, standards and procedures, and the quality requirements agreed in the EPC Contract. The Contractor shall ensure that the construction work shall meet the standards specified in the EPC Contract, including but not limited to standards relating to production capacity, efficiency, quality, energy consumption, safety and environmental protection and occupation health. The Contractor shall also be responsible for the overall completeness of the construction, including but not limited to equipment, facilities, supply of materials, installation, calibration, safety, construction periods, quality and maintenance.

Under the EPC Contract, the construction period in respect of the Project shall be 450 days after obtaining construction permit from relevant government authorities.

Contract Sum

The total contract sum payable by Dalipal Pipe to the Contractor under the EPC Contract is RMB881,932,200.

The contract sum under the EPC Contract was determined after arm's length negotiations between the parties and through a tendering process. In particular, the Group has made reference to the following factors during the selection process: (a) the costs and prevailing market price of construction materials and equipment; (b) the design and construction proposals prepared and submitted by the bidders (including proposed schedule, costs and other commercial terms); (c) the quality standard and specifications of the EPC services to be provided by the contractor; (d) the reputation, background, capabilities, experience and track record of the contractor; and (e) the prevailing market price in respect of the EPC services.

Payment

The total contract sum under the EPC Contract shall be paid by Dalipal Pipe to the Contractor in accordance with the following milestones:

- (i) 10% of the total contract sum shall be paid within 14 working days from the date of the EPC Contract;
- (ii) 65% of the total contract sum (comprising design fee and equipment costs) shall be paid in instalments with reference to the milestone events agreed in the EPC Contract;
- (iii) 10% of the total contract sum shall be paid within 14 working days from the signing of reports by the parties upon completion of thermal load testing;
- (iv) 5% of the total contract sum shall be paid within 14 working days from the signing of function testing reports by the parties upon completion of function testing;
- (v) 5% of the total contract sum shall be paid within 14 working days from the completion of government completion inspection, delivery of full set completion information and completion of the completion audit conducted by Dalipal Pipe; and
- (vi) 5% of the total contract sum shall be paid within 14 working days from the expiry of the warranty period (i.e. 12 months from the final completion of the construction).

The total contract sum under the EPC Contract is to be financed by the internal resources of and external financing obtained by the Group.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is primarily engaged in business investing in high-end, green and intelligent manufacturing of high-end pipes and has developed material research and development and production focused on high-end pipe products such as oil and gas pipes, new energy pipes and special seamless steel pipes.

Information on Dalipal Pipe

Dalipal Pipe is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in design, manufacture and sale of oil and gas pipes, new energy pipes and special seamless steel pipes and other products.

Information on the Contractor

The Contractor is a company established in the PRC with limited liability and is principally engaged in design, scientific research, EPC, etc. Based on public information, the equity interest in the Contractor is held as to 88.89% by Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a company the H shares of which are listed on the Stock Exchange (stock code: 1618) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601618), and whose de facto controller is the State-owned Assets Supervision and Administration Commission of the State Council.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

The reason for entering into the EPC Contract was to develop the Project. The Project involves the construction and development of production facilities for high-end pipes for oil drilling and extraction and energy equipment in Bohai New District, Cangzhou.

The Company considers that the development of the Project is in line with the Group's business strategy. Following completion of the Project, the Group will possess new production lines for its high-end pipes products, which will help expand the Group's production capacity. The EPC Contract will enable the Group to further expand its scale of business through the construction of new project so as to enhance returns to the Shareholders.

Reference is made to the annual report of the Company for the year ended 31 December 2025 (the "**2025 Annual Report**"). As at the date of this announcement, the Project advanced steadily, amongst which, the heat treatment line completed equipment commissioning and was officially put into trial production; the hot rolling line, upsetting line and pipe processing line successively met trial production conditions. The new production line is a key initiative in the Group's strategy to deepen cost reduction and efficiency improvement and optimise the product mix, significantly enhancing the market competitiveness of tubing products. With the new production line, it is expected that production efficiency would improve by 35%, with labour deployment reduced by 30%.

In view of the above, the Directors (including the independent non-executive Directors) consider that the EPC Contract is on normal commercial terms and in the ordinary and usual course of business of the Group, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the EPC Contract and the transactions contemplated thereunder exceed 5% but all are less than 25%, the EPC Contract and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant reporting and announcement requirements under Rule 14.34 of the Listing Rules in respect of the EPC Contract and the transactions contemplated thereunder, which constituted a discloseable transaction, as and when such obligations arose (i.e. as soon as possible after the date of the EPC Contract, being 1 February 2024). Regrettably, there was a delay in the issue of this announcement due to a misunderstanding of the application of the requirements under Chapter 14 of the Listing Rules on the part of the project team of Dalipal Pipe in charge of the Project. The EPC Contract was therefore not timely brought to the attention of the compliance department at the headquarters of the Group. The Board and the Company acknowledge that there was a non-compliance with Rule 14.34 of the Listing Rules, which was inadvertent and not intentional.

REMEDIAL MEASURES

The Board recognises, for the avoidance of future occurrence of non-compliance of the Listing Rules, the need to enhance its internal control and compliance measures. To prevent similar non-compliance from occurring in the future, the Company has implemented the following remedial actions and measures:

- (i) the Company will work closely with and seek advice(s) in a timely fashion from professional advisers on compliance issues, including seeking advice if there is doubt as to the application of the Listing Rules or when issues with complex Listing Rules implications arise;
- (ii) the Company has enhanced its internal communication policy and reminded the management team and responsible staff of the Company regarding internal reporting of notifiable transactions. For example, under the internal reporting policy of the Company, head of departments, directors of subsidiaries or branches, or persons in charge of projects are required to report potential transactions in accordance with the requirements of Chapters 14 and 14A of the Listing Rules to the Group compliance department at headquarters;
- (iii) the Company has also put in place internal control measures to ensure that disclosure requirements will be complied with at all times, including but not limited to designating specific personnel in the compliance department (i.e. the company secretary of the Company) to diligently track the compliance requirements in respect of notifiable transactions. The company secretary, serving as the head of the Group's compliance department at headquarters, will be primarily responsible for strengthening the Group's oversight of Listing Rules compliance. The compliance department of the Group (under the supervision of the company secretary) shall work closely and check with the subsidiaries/business units of the Group as to potential transactions that are expected to be finalized (including obtaining sufficient particulars), either as a result of potential transactions reported to the Group compliance department in accordance internal reporting policy or in any event on a monthly basis. Based on the information provided, the compliance department of the Group shall advise the compliance requirements under the Listing Rules (and seek professional advice, if necessary). If required, the compliance department of the Group shall report the details of the transaction to senior management or the Board (as appropriate) as soon as practicable and shall arrange for notification, publication and/or shareholders' approval in accordance with the Listing Rules;

- (iv) the Company has enhanced internal supervision such that designated member(s) of the senior management (i.e. the company secretary of the Company) will act as gatekeeper of compliance requirements under the Listing Rules and oversee (and seek professional advice, if necessary) each potential or materialised notifiable transaction reported by the management at subsidiary/branch level or management of projects to the Group compliance department or detected by it through the routine check to ensure fulfilment of disclosure requirements under the Listing Rules; and
- (v) the Company will provide additional training on regulatory compliance matters to the management (including management of the subsidiaries/business units and personnel in charge of projects of the Group) on an annual basis to increase their awareness and ensure that they have the practical knowledge to identify notifiable transactions and comply with relevant requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the meanings ascribed to them below:

“Board”	the board of Directors
“Company”	Dalipal Holdings Limited (達力普控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1921)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Contractor”	MCC Capital Engineering & Research Incorporation Limited* (中冶京誠工程技術有限公司), a company established in the PRC with limited liability
“Dalipal Pipe”	Dalipal Pipe Co., Ltd.* (達力普石油專用管有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract dated 1 February 2024 and entered into between Dalipal Pipe (as principal) and the Contractor (as contractor), as may be amended and supplemented from time to time
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan region
“Project”	the construction of production facilities for high-end pipes for oil drilling and extraction and energy equipment in Bohai New District, Cangzhou (滄州市渤海新區)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Dalipal Holdings Limited
Meng Fanyong
Chairman and Executive Director

Hong Kong, 22 May 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.

* *For identification purposes only*