

**IPO FACT SHEET**
**Dalipal Holdings Limited (1921 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$477m - HK\$549m
<b>Placement Tranche:</b>	300m
<b>Price:</b>	HK\$1.59 - HK\$1.83
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$3,696.88
<b>Historical PE</b>	7.13x – 8.20x
<b>Net tangible asset per share:</b>	HK\$0.96 - HK\$1.00
<b>Market Cap (post-IPO):</b>	HK\$2,385m - HK\$2,745m
<b>Open:</b>	28 Oct 2019
<b>Close:</b>	12.00 noon on 31 Oct 2019
<b>Trading:</b>	08 Nov 2019
<b>Sponsor:</b>	CMBC International Capital Limited

<b>Year ended 31 Dec</b>	<b>(RMB'000)</b>	<b>yoy % chg</b>
Revenue		
2017	2,276,874	204.4%
2018	3,094,823	35.9%
Profit and total comprehensive income for the year/period		
2017	232,209	-538.4%
2018	301,198	29.7%

**BACKGROUND**

- They are an OCTG manufacturer focusing on the manufacture of casing.
- During the Track Record Period and up to the Latest Practicable Date, casing had been the only type of OCTG that they had sold. They are a leading OCTG manufacturer among private-owned manufacturers with an integrated business model, providing full range services covering the development, manufacture and sales of OCTG and other oil pipes primarily to oil companies, OCTG manufacturers and OCTG processing factories in the PRC, and securing stable and cost-efficient supply of their principal production materials, i.e., pipe billets, by manufacturing them on their own.
- They are also capable of developing and manufacturing tubing, being another major product of OCTG. During the Track Record Period, they had also sold their surplus pipe billets to, amongst others, steel products, oil pipes and energy equipment manufacturers in the PRC after fulfilling their internal production needs.
- OCTG mainly comprises oil pipes that are widely used in oilfield drilling and completion procedures. Other oil pipes mainly comprise plain-end pipes which may be further processed into OCTG. The majority of the other oil pipes which they manufacture and sell is plain-end pipe.
- According to the CIC Report, they (i) ranked third among all of the OCTG manufacturers in the PRC in 2018 and they are the market leader among private-owned manufacturers in the supply of OCTG in the PRC in 2018 with approximately 9.6% market share based on their OCTG sales value in FY2018; and (ii) they ranked sixth among all of the OCTG manufacturers and second among private-owned manufacturers in the PRC with approximately 7.7% market share in terms of the overall OCTG markets based on their sales value of overall OCTG, which includes OCTG and its semi-finished products, namely plain-end pipes, in FY2018.

**BUSINESS STRATEGIES AND FUTURE PLANS**

- To expand their production capacity.
- To further strengthen their relationships with key customers, expand their customer base and further expand their sales to overseas markets.
- To further strengthen their product research and development and innovation capabilities.

### COMPETITIVE STRENGTHS

- They are a leading OCTG manufacturer among private-owned manufacturers in the PRC with a long-standing track record and well-established reputation in the industry.
- Their strong full production chain capabilities enable them to offer quality and value-for-money products to their customers.
- Their production equipment demonstrates high level of automation, informatization and intellectualization.
- They have experienced management with a proven track record.

### KEY RISKS

- They derive a significant portion of their revenue mainly from the PRC.
- Changes in government policies in the PRC, fluctuation in market demand for and/or prices of oil may affect the performance of oil and OCTG industries, and the demand for their products may be thereby affected.
- An increase in costs of principal raw materials or their inability to procure production materials at satisfactory prices may adversely affect their profitability.
- The selling price of their products may decrease.
- They experienced net losses in the past and such may expose them to certain liquidity risks and could constrain their operational flexibility as well as materially and adversely affect their ability to expand their business.
- Competition in their industry, and failure to compete effectively may adversely affect their business and prospects.
- Their investment in the development of new technologies may not lead to commercial success.
- Their production expansion plan may result in over-capacity, significant increase in their cost of sales, depreciation resulting from capital expenditure and may affect their operations, financial conditions and their revenue and profit may not increase proportionally to their increased capacity.
- They are subject to risk of inventories obsolescence.
- A material disruption to their operations may adversely affect their revenue and profits.
- They are vulnerable to the delay or rescheduling of oil and gas exploration and production projects.

### DIVIDEND POLICY

- No fixed dividend policy.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Phase Two Expansion.	407.90	88.4%
Strengthen their product research and development and innovation capabilities.	11.10	2.4%
Strengthen their relationships with key customers, expand their customer base and further expand their sales to overseas markets.	9.20	2.0%
General replenishment of working capital and other general corporate purpose.	33.20	7.2%
<b>Total:</b>	<b>461.40</b>	<b>100.00%</b>

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian (Hong Kong) Limited (“UOBKHHK”), which is a licensed corporation providing securities brokerage and securities advisory services in Hong Kong.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHHK. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHHK may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHHK and its associates (as defined in the Securities and Futures Ordinance, Chapter 571 of Hong Kong) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report (“Information”) has been obtained or derived from sources believed by UOBKHHK to be reliable. However, UOBKHHK makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHHK accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHHK and its associates may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHHK and its associates are subject to change without notice. UOBKHHK reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHHK, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report. (2) UOBKHHK, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto. (3) the officers, employees and representatives of UOBKHHK may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the “Subject Business”). and (4) UOBKHHK may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

### IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHHK, a company authorized, as noted above, to engage in securities activities in Hong Kong. UOBKHHK is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHHK (whether directly or through its US registered broker dealer affiliate named below) to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHHK by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc (“UOBKHUS”), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHHK.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

**Analyst Certification/Regulation AC**

Each research analyst of UOBKHHK who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report. (2) the report was produced independently by him/her. (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHHK or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report. and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHHK's total revenues, a portion of which are generated from UOBKHHK's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report. and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Securities, which is regulated by Financial Services Authority of Indonesia (OJK). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report. and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2019, UOB Kay Hian (Hong Kong) Ltd. All rights reserved.

<http://www.utrade.com.hk>