SHENGLI OIL & GAS PIPE HOLDINGS LIMITED
勝利油氣管道控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1080)

PROFIT WARNING

The Company made this announcement pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment of the Group's unaudited management accounts for the year ended 31 December 2019 and the information currently available to the Board, it is expected that there would be a significant deterioration in the operating results of the Group and is expected to record a loss attributable to owners of the Company of not less than RMB132 million for the year ended 31 December 2019 as compared to a loss attributable to owners of the Company of approximately RMB54.2 million for the year ended 31 December 2018.

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

This announcement is made by Shengli Oil & Gas Pipe Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") and Rule 13.09(2) of the Listing Rules.

The board of directors (the "**Board**") of the Company hereby informs the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary assessment of the Group's unaudited management accounts for the year ended 31 December 2019 and the information currently available to the Board, it is expected that there would be a significant deterioration in the operating results of the Group and is expected to record a loss attributable to owners of the Company of not less than RMB132 million for the year ended 31 December 2019 as compared to a loss attributable to owners of the Company of approximately RMB54.2 million for the year ended 31 December 2018.

Based on the information currently available, the expected loss is primarily attributable to the followings:

(1) as China Oil & Gas Pipeline Network Corporation* (國家石油天然氣管網集團有限公司), being an integral part of the structural reforms of the national oil and gas pipeline industry, was only officially set up in December 2019, most large-scale national pipeline construction projects were therefore postponed and hence there was a significant decrease in large-scale national pipeline construction projects in 2019 as compared to 2018, which resulted in a substantial decrease in the sales volume of the pipes business and the anti-corrosion processing business of the Group. Moreover, the large-scale pipeline projects secured from China Petroleum & Chemical Corporation, which had a higher gross profit, recorded a decrease of more than 30% as compared to last year, leading to a substantial decline in the gross profit of the pipes business of the Company;

(2) the operating expenses and administrative expenses of the Group recorded certain increase as compared to 2018, which was primarily due to: (i) an increase in the proportion of local pipeline projects of the pipes business. As the delivery expenses of local pipeline projects are typically borne by the seller (i.e. the Group), the Group recorded an increase in delivery expenses for the year ended 31 December 2019; and (ii) an increase in suspension expenses due to the decrease in production volume of pipes business; and

(3) a one-off loss from fair value change of non-current assets held for sale of approximately RMB24.5 million as a result of the disposal of shareholding in Shanghai Guoxin Industrial Co., Ltd*（上海國心實業有限公司）("**Shanghai Guoxin**"). For further details of the said disposal, please refer to the circular of the Company dated 25 September 2019.

As at the date of this announcement, the Group is still in the process of finalising its consolidated results for the year ended 31 December 2019. As such, the information contained in this announcement represents only a preliminary assessment made by the Board based on the information made available to the Board and may be subject to changes. The annual results announcement of the Group for the year ended 31 December 2019 is expected to be published before the end of March 2020.

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

* *for identification purpose only*

By order of the Board of
Shengli Oil & Gas Pipe Holdings Limited
Zhang Bizhuang
Executive Director and Chief Executive Officer

Zibo, Shandong, 11 February 2020

As at the date of this announcement, the Directors of the Company are:

Executive Directors:	*Mr. Zhang Bizhuang, Mr. Wang Kunxian, Ms. Han Aizhi and Mr. Song Xichen*
Non-executive Directors:	*Mr. Wei Jun and Mr. Jiang Yong*
Independent non-executive Directors:	*Mr. Chen Junzhu, Mr. Wu Geng and Mr. Qiao Jianmin*