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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 six months ended 30 June 2020 and the information currently available to the Board, it is expected that there would be a 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 RMB75 million for the six months ended 30 June 2020 as compared to a loss attributable to owners of the Company of approximately RMB55.4 million for the six months ended 30 June 2019.

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 six months ended 30 June 2020 and the information currently available to the Board, it is expected that there would be a 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 RMB75 million for the six months ended 30 June 2020 as compared to a loss attributable to owners of the Company of approximately RMB55.4 million for the six months ended 30 June 2019.

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, and that further time is needed by the relevant state-owned oil & gas enterprises to consolidate their resources into the said corporation, of most large-scale national pipeline construction projects have continued to be postponed and hence there had been a relatively small number of large-scale national pipeline construction projects for the six months ended 30 June 2020;

(2) whilst the Group only recorded a slight decrease in the production volume of its pipes business and anti-corrosion processing business for the six months ended 30 June 2020 compared to the same period in 2019, owing to the impact of the outbreak of the COVID-19 pneumonia epidemic, measures such as quarantine, lockdown, travel restrictions and closure were imposed by the governmental authorities in the PRC such that there had been a delay in shipment of the Group's products for certain projects during the six months ended 30 June 2020. In light of the above, the Group recorded a significant decrease of approximately 46% and 59% in the sales volume of its pipe business and anti-corrosion processing business, respectively, as compared to the same period in 2019; and

(3) the sales volume of the Group's pipes processing business with China Petroleum & Chemical Corporation* (中國石油化工股份有限公司), which had a higher gross profit, recorded a decrease of approximately 80% as compared to the same period in 2019, leading to a substantial decline in the gross profit of the pipes business of the Group.

As at the date of this announcement, the Group is still in the process of finalising its consolidated results for the six months ended 30 June 2020. 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 interim results announcement of the Group for the six months ended 30 June 2020 is expected to be published before the end of August 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, 27 July 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*