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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)

POSITIVE ALERT – REDUCTION OF LOSS

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

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**FY2022**”) and information currently available to the Board, the Group is expected to record a decrease in loss attributable to owners of the Company to not more than RMB40,000,000 in FY2022, as compared with the loss attributable to owners of the Company of approximately RMB260,719,000 for the year ended 31 December 2021.

Based on the preliminary review of the management accounts and the information currently available to the Company, the Board considers that the expected decrease in loss attributable to owners of the Company for FY2022 is mainly attributable to (i) the one-off net gain on the disposal of 8.9% equity interest in Hunan Shengli Xianggang Steel Pipe Co., Ltd* (湖南勝利湘鋼鋼管有限公司) (“**Hunan Shengli**”), the completion of which took place in February 2022 (further details of which are disclosed in the Company’s announcements dated 21 December 2021 and 1 March 2022, respectively and the circular of the Company dated 6 January 2022); (ii) the decrease in administrative expenses and finance costs in FY2022 as a result of the aforesaid disposal; and (iii) an improvement in the performance of the pipes business segment in FY2022 as compared with the corresponding period of 2021, mainly because a) Shandong Shengli Steel Pipe Co., Ltd.* (山東勝利鋼管有限公司) (“**Shandong Shengli**”), a subsidiary of the Company, was selected as the main supplier of submerged-arc helical welded pipes by China Oil & Gas Pipeline Network Corporation* (國家石油天然氣管網集團有限公司) (“**PipeChina**”) in 2022, contributing to an increase in revenue and gross profit recorded by Shandong Shengli in FY2022 as compared with the corresponding period of 2021; and b) Hunan Shengli, an associate of the Company, was selected as a supplier of submerged-arc longitudinal welded pipes by PipeChina in 2022, and Hunan Shengli recorded an improvement in business performance in FY2022, contributing to an increase in the Company’s share of profit in associates (further details of which are disclosed in the Company’s announcements dated 27 June 2022). The aforesaid favourable factors are partially offset by the impairment loss on investment in an associate of the Company, namely Xinfeng Energy Enterprise Group Co., Ltd* (新鋒能源集團有限公司).

As at the date of this announcement, the Company is in the process of preparing and finalising the annual results of the Group for FY2022. The information contained in this announcement is only based on the preliminary assessment of the Group’s unaudited consolidated management accounts and information currently available to the Board, which is subject to finalization and adjustments, if any, and have not been audited by the independent auditor of the Company nor reviewed by the audit committee of the Board. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement which is expected to be published before the end of March 2023.

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

By Order of the Board of Directors
Shengli Oil & Gas Pipe Holdings Limited
Zhang Bizhuang
Executive Director and Co-Chief Executive Officer

Zibo, Shandong, 17 March 2023

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

Executive Directors: Mr. Zhang Bizhuang, Mr. Zhang Danyu, Mr. Wang Kunxian, Ms. Han Aizhi and Mr. Zhang Bangcheng

Non-executive Director: Mr. Wei Jun

Independent non-executive Directors: Mr. Chen Junzhu, Mr. Wu Geng and Mr. Qiao Jianmin

** The English name is for identification only*