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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2024 ("**Year under Review**"), revenue was approximately RMB570,069,000, representing a decrease of approximately RMB21,816,000 as compared to that in 2023.
- For the Year under Review, gross profit margin was approximately 10.4%, representing an increase of approximately 4.7 percentage points as compared to that in 2023.
- For the Year under Review, the loss for the year attributable to owners of the Company amounted to approximately RMB42,564,000, representing a decrease of approximately RMB55,850,000 as compared to that in 2023.
- Total comprehensive loss for the year attributable to owners of the Company for the Year under Review amounted to approximately RMB77,209,000, representing a decrease of approximately RMB21,205,000 as compared to that in 2023.
- For the Year under Review, basic and diluted loss per share attributable to owners of the Company was approximately RMB1.10 cents, representing a decrease of approximately RMB1.44 cents as compared to that in 2023.
- The Board did not recommend the declaration of any final dividend and interim dividend for Year under Review.

The board (the "**Board**") of directors (the "**Directors**") of Shengli Oil & Gas Pipe Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year under Review**") prepared in accordance with IFRS Accounting Standards together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**570,069**	591,885
Cost of sales and services		**(510,933)**	(558,422)
Gross profit		**59,136**	33,463
Other income and gains	*5*	**7,657**	17,838
Selling and distribution expenses		**(32,487)**	(27,730)
Administrative expenses		**(78,334)**	(94,281)
Other expenses		**(800)**	(1,658)
Share of results of an associate	*12*	**14,588**	10,214
Share of results of a former associate	*12*	**—**	1,559
Gain on disposal of equity interests in a former associate		**—**	1,029
Impairment loss on investment in a former associate		**—**	(39,044)
Reversal of (Provision for) impairment loss on trade receivables, net	*14(a)*	**821**	(1,242)
Finance costs	*6*	**(13,872)**	(14,503)
Loss before tax	*7*	**(43,291)**	(114,355)
Income tax (expenses) credit	*8*	**(57)**	15,122
Loss for the year		**(43,348)**	(99,233)
Other comprehensive loss:			
Item that will not be reclassified to profit or loss:			
Changes in fair value of Equity Investment-Designated FVOCI	*13*	**(34,645)**	—
Total comprehensive loss for the year		**(77,993)**	(99,233)

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(42,564)**	(98,414)
Non-controlling interests		**(784)**	(819)
		(43,348)	(99,233)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(77,209)**	(98,414)
Non-controlling interests		**(784)**	(819)
		(77,993)	(99,233)
Loss per share	*9*		
Basic *(RMB cents)*		**(1.10)**	(2.54)
Diluted *(RMB cents)*		**(1.10)**	(2.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	*11*	**211,882**	215,951
Right-of-use assets		**167,506**	172,715
Investment in an associate	*12*	**107,366**	92,778
Equity Investment-Designated FVOCI	*13*	**62,619**	97,264
Deposits paid for acquisition of property, plant and equipment		**75**	289
Deferred tax assets		**285**	358
		549,733	579,355
Current assets			
Inventories		**127,993**	122,395
Trade and bills receivables	*14*	**49,129**	61,926
Contract assets		**36,317**	42,159
Prepayments, deposits and other receivables	*15*	**173,362**	129,243
Restricted deposits		**243**	11,183
Cash and cash equivalents		**127,720**	137,318
		514,764	504,224
Current liabilities			
Trade payables	*16*	**46,104**	44,497
Other payables and accruals	*17*	**19,756**	20,956
Contract liabilities		**259,063**	181,490
Lease liabilities		**1,041**	954
Borrowings	*18*	**203,866**	237,167
Deferred income		**292**	292
		530,122	485,356
Net current (liabilities) assets		**(15,358)**	18,868
Total assets less current liabilities		**534,375**	598,223

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Non-current liabilities			
Lease liabilities		—	1,007
Borrowings	*18*	**105,970**	92,400
Deferred income		**848**	1,140
Deferred tax liabilities		**228**	244
		107,046	94,791
NET ASSETS		**427,329**	503,432
Capital and reserves			
Issued capital		**334,409**	334,409
Reserves		**83,773**	160,790
Equity attributable to owners of the Company		**418,182**	495,199
Non-controlling interests		**9,147**	8,233
TOTAL EQUITY		**427,329**	503,432

NOTES

1. GENERAL INFORMATION

Shengli Oil & Gas Pipe Holdings Limited (the "**Company**" together with its subsidiaries collectively referred to as the "**Group**") is a limited liability company incorporated in the Caymans Islands on 3 July 2009. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 18 December 2009. The address of the Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business of the Company in Hong Kong and the People's Republic of China (the "**PRC**") are located at Room 2111, 21st Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong and Zhongbu Town, Zhangdian District, Zibo City, Shandong Province 255082, the PRC, respectively.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"), which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements are presented in Renminbi ("**RMB**") which is also the Company's functional currency and all amounts have been rounded to the nearest thousand ("**RMB'000**"), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised IFRS Accounting Standards and effective from the current year as set out below.

Going concern

At 31 December 2024, the current liabilities of the Group exceeded its current assets by approximately RMB15,358,000.

The directors of the Company have prepared the Group's cash flow projections covering a period of not less than twelve months from 31 December 2024. Based on the cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024.

The directors of the Company are of the opinion that, taking into account of (i) the cash flow projections of the Group; and (ii) confirmed credit commitments from financial institutions, the Group has sufficient working capital for its present requirements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for an equity investment at fair value through other comprehensive income ("**Equity Investment-Designated FVOCI**") which is measured at fair value.

Changes in accounting policies and future changes in IFRS Accounting Standards

In the current year, the Group has adopted all the new/revised IFRS Accounting Standards and effective for its accounting year beginning on 1 January 2024. The adoption of the new revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior year.

The Group has not early adopted the new IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRS Accounting Standards but is not yet in a position to state whether these new IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

During the years ended 31 December 2024 and 2023, the Group has two reportable segments which comprise of (i) production of submerged-arc helical welded pipes (the "**SAWH pipes**") and the related services which are mainly used for the oil and infrastructure industry (the "**Pipe Business**") and (ii) trading of commodities (the "**Trading Business**"). Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment assets exclude deferred tax assets, Equity Investment-Designated FVOCI, restricted deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude borrowings, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment results represent the loss resulted by each segment without taking into account the allocation of interest income, rental income, finance costs, central administration costs including directors' and chief executive's fees, gain on disposal of equity interests in a former associate, impairment loss on investment in a former associate, equity-settled share-based payments expenses, share of results of a former associate and items not directly related to the core business of the segments.

Segment revenue and results

The followings are analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2024

	Pipe Business *RMB'000*	Trading Business *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	**559,375**	**10,694**	**570,069**
Segment results	**(14,835)**	**(2,788)**	**(17,623)**
Interest income			**1,126**
Rental income			**984**
Unallocated other corporate expenses			**(13,906)**
Finance costs			**(13,872)**
Loss before tax			**(43,291)**
Income tax expenses			**(57)**
Loss for the year			**(43,348)**

For the year ended 31 December 2023

	Pipe Business *RMB'000*	Trading Business *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	547,827	44,058	591,885
Segment results	(42,971)	(5,926)	(48,897)
Interest income			558
Rental income			1,247
Share of results of a former associate			1,559
Gain on disposal of equity interests in a former associate			1,029
Impairment loss on investment in a former associate			(39,044)
Equity-settled share-based payments expenses			(75)
Unallocated other corporate expenses			(16,229)
Finance costs			(14,503)
Loss before tax			(114,355)
Income tax credit			15,122
Loss for the year			(99,233)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below:

2024

	Pipe Business *RMB'000*	Trading Business *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment assets	**949,785**	**24,103**	**90,609**	**1,064,497**
Segment liabilities	**(324,250)**	**(8)**	**(312,910)**	**(637,168)**
Other segment information:				
Rental income	—	—	**984**	**984**
Reversal of write-down of inventories	**1,471**	—	—	**1,471**
Reversal of impairment loss on trade receivables, net	**821**	—	—	**821**
Share of results of an associate	**14,588**	—	—	**14,588**
Loss on disposal of property, plant and equipment, net	**55**	—	—	**55**
Depreciation	**22,896**	—	**1,694**	**24,590**
Investment in an associate	**107,366**	—	—	**107,366**
Equity Investment-Designated FVOCI	—	—	**62,619**	**62,619**
Finance costs	—	—	**13,872**	**13,872**
Capital expenditure *(Note)*	**2,242**	—	**13,193**	**15,435**

2023

	Pipe Business *RMB'000*	Trading Business *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment assets	964,376	4,559	114,644	1,083,579
Segment liabilities	(245,917)	(17)	(334,213)	(580,147)
Other segment information:				
Rental income	—	—	1,247	1,247
Reversal of write-down of inventories	1,976	—	—	1,976
Provision for impairment loss on trade receivables, net	1,242	—	—	1,242
Share of results of associates	10,214	—	1,559	11,773
Provision for impairment loss on investment in a former associate	—	—	39,044	39,044
Gain on disposal of equity interests in a former associate	—	—	1,029	1,029
Gain on disposal of property, plant and equipment, net	3	—	—	3
Depreciation	22,311	104	993	23,408
Investment in an associate	92,778	—	—	92,778
Equity Investment-Designated FVOCI	—	—	97,264	97,264
Finance costs	—	—	14,503	14,503
Capital expenditure *(Note)*	9,052	—	4,303	13,355

Note: Amount included in the capital expenditure represented the addition of property, plant and equipment of approximately RMB15,435,000 *(2023: approximately RMB13,355,000)*.

Geographical Information

The geographical location of the Group's revenue from external customers is presented based on the location of the customers. No geographical analysis on revenue from external customers is provided as substantially all of the Group's revenue is principally attributable to the PRC.

The geographical location of the Group's non-current assets, other than investment in an associate, Equity Investment-Designated FVOCI and deferred tax assets, is presented based on the location of the assets as follows:

Non-current assets

	2024 ***RMB'000***	2023 *RMB'000*
The PRC	**378,501**	387,097
Hong Kong	**962**	1,858
	379,463	388,955

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out below:

	Segment	2024 *RMB'000*	2023 *RMB'000*
Customer A	Pipe Business	**375,443**	200,100

4. REVENUE

(i) Disaggregation of revenue from contracts with customers within IFRS 15

	2024 *RMB'000*	2023 *RMB'000*
Types of goods or service		
Pipe business		
Sales of pipe	**514,921**	510,914
Rendering of services related to the Pipe Business	**44,454**	36,913
	559,375	547,827
Trading business		
Trading of commodities	**10,694**	44,058
	570,069	591,885

For the year ended 31 December 2024

	Pipe Business *RMB'000*	Trading Business *RMB'000*	Total *RMB'000*
Geographical markets			
The PRC	**559,375**	**10,694**	**570,069**
Timing of revenue recognition			
At a point in time	**559,375**	**10,694**	**570,069**

For the year ended 31 December 2023

	Pipe Business *RMB'000*	Trading Business *RMB'000*	Total *RMB'000*
Geographical markets			
The PRC	547,827	44,058	591,885
Timing of revenue recognition			
At a point in time	547,827	44,058	591,885

(ii) Performance obligations for contracts with customers

Sales of pipe and rendering of related services

The Group manufactures and sells submerged-arc helical welded pipes (the "**SAWH pipes**") and provides anti-corrosion processing service to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision. Warranty provision is recognised based on the management's best estimates on the Group's liabilities under the standard warranty terms granted with reference to the prior experience for the defective products. In the opinion of the directors of the Company, no warranty provision is recognised for the years ended 31 December 2024 and 2023.

Sales to customers are normally made with credit terms up to 180 days for the years ended 31 December 2024 and 2023. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Trading Business

The Group sells commodities to the customers. Sales are recognised when control of the commodities has transferred, being when the commodities are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the commodities and the customer has obtained legal titles to the commodities.

Sales to customers are normally made with credit terms of 90 to 180 days for the years ended 31 December 2024 and 2023. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the commodities are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. OTHER INCOME AND GAINS

	2024	2023
	RMB'000	*RMB'000*
Other income		
Interest income	**1,126**	558
Government grants *(Note)*	**292**	807
Rental income	**984**	1,247
Others	**751**	688
	3,153	3,300
Other gains		
Gain on sales of materials	**4,504**	14,535
Gain on disposal of property, plant and equipment, net	**—**	3
	4,504	14,538
	7,657	17,838

Note: In the opinion of the directors of the Company, there was no unfulfilled condition or contingency relating to the government grants.

6. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**11,612**	12,284
Interest on other loans	**2,177**	2,088
Interest on lease liabilities	**83**	131
	13,872	14,503

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging (crediting):

	2024	2023
	RMB'000	*RMB'000*
Employees benefits expenses (including directors' remuneration):		
Wages and salaries	**43,708**	52,646
Performance related bonus	**240**	498
Pension scheme contributions	**10,972**	13,681
Welfare and other expenses	**1,845**	1,622
Equity-settled share-based payments expenses (included in administrative expenses)	**—**	75
	56,765	68,522
Other items		
Auditor's remuneration		
— Audit services	**1,650**	1,630
— Non-audit services	**377**	372
Cost of inventories sold *(Notes (i) and (ii))*	**483,265**	533,468
Cost of services	**27,668**	24,954
Depreciation of property, plant and equipment	**19,381**	18,185
Depreciation of right-of-use assets	**5,209**	5,223
Exchange losses, net	**373**	134
Loss (Gain) on disposal of property, plant and equipment, net	**55**	(3)
Short-term lease payments	**184**	632

Notes:

(i) Included in the cost of inventories sold are amounts of approximately RMB1,471,000 *(2023: RMB1,976,000)* related to the reversal of write-down of inventories as a result of utilisation of inventories which have been written-down in prior years for the year ended 31 December 2024.

(ii) Cost of inventories sold includes approximately RMB52,212,000 *(2023: RMB58,577,000)* relating to aggregate amounts of certain staff costs, depreciation and short-term lease payments, which are included in the respective total amounts disclosed separately above for the year ended 31 December 2024.

8. TAXATION

	2024	2023
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")		
Current year	**—**	—
Reversal of income tax provided in prior years *(Note)*	**—**	(15,308)
	—	(15,308)
Deferred tax		
Changes in temporary differences	**57**	186
Income tax expenses (credit)	**57**	(15,122)

Note: After confirming the treatment of certain previously unresolved tax matters with the PRC tax authority during the year ended 31 December 2023, the Group has reversed income tax provision of approximately RMB15,308,000 provided in the previous years. The impact from change in this accounting estimate is accounted for prospectively during the year ended 31 December 2023.

For the years ended 31 December 2024 and 2023, the assessable profits of Hong Kong incorporated subsidiaries of the Group are entitled to the two-tiered profits tax rates regime that the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax has not been provided as the Group had no assessable profits in Hong Kong for the years ended 31 December 2024 and 2023.

Singapore Corporate Income Tax ("**CIT**") is calculated at 17% of the assessable profits for the years ended 31 December 2024 and 2023. Singapore CIT has not been provided as the Group had no assessable profits in Singapore for the years ended 31 December 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC was 25% for the years ended 31 December 2024 and 2023. PRC EIT has not been provided for the years ended 31 December 2024 and 2023 as the Group's entities in the PRC incurred a loss for taxation purposes.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Loss:		
Loss attributable to the owners of the Company, used in basic loss per share calculation	**(42,564)**	(98,414)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,874,365,600**	3,874,365,600

The computation of diluted loss per share does not assume the exercise of the outstanding share options since the exercise price per share option was higher than the average share price of the Company for the years ended 31 December 2024 and 2023.

The diluted loss per share is the same as the basic loss per share for the years ended 31 December 2024 and 2023.

10. DIVIDENDS

The Board of Directors has resolved not to declare a final dividend and an interim dividend for the years ended 31 December 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group acquired property, plant and equipment at a total cost of approximately RMB15,435,000 *(2023: RMB13,355,000)*.

Property, plant and equipment with a carrying amount of approximately RMB123,000 *(2023: RMB42,000)* were disposed of by the Group during the year ended 31 December 2024.

12. INVESTMENT IN AN ASSOCIATE

	2024 *RMB'000*	2023 *RMB'000*
Unlisted investment in the PRC	**107,366**	92,778
Share of results of associates:		
— Hunan Shengli Steel Pipe (as defined below)	**14,588**	10,214
— Xinfeng Energy (as defined in Note 13)	**—**	1,559
	14,588	11,773

Particulars of the associate of the Group at the end of the reporting period are as follows:

Name of associates	Place of incorporation/ registration and operation	Registered paid-up capital	% of ownership interests/ voting rights held by the Group at 31 December		Principal activities
			2024	2023	
Hunan Shengli Xianggang Steel Pipe Co., Ltd.# ("**Hunan Shengli Steel Pipe**") (湖南勝利湘鋼鋼管有限公司)	The PRC	RMB500,000,000 *(2023: RMB500,000,000)*	**48%**	48%	Manufacturing, processing and sale of submerged-arc longitudinal welded pipes ("**SAWL**") pipelines and SAWH pipes and provision of anti-corrosion service for oil and gas pipelines and other construction and manufacturing applications and trading of commodities

The associate is accounted for using the equity method in the consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the associate itself.

Relationship with associate

Hunan Shengli Steel Pipe is engaged in manufacturing, processing and sale of SAWL pipelines, SAWH pipes and provision of anti-corrosion service for oil and gas pipelines and other construction and manufacturing applications and trading of commodities which allows the Group to expand its Pipe Business.

The English name is for identification only.

Financial information of Hunan Shengli Steel Pipe

Summarised financial information of Hunan Shengli Steel Pipe is set out below, which represents amounts shown in the financial statements of Hunan Shengli Steel Pipe prepared in accordance with IFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	2024	2023
	RMB'000	*RMB'000*
At 31 December:		
Summarised statement of financial position		
Non-current assets	**425,139**	439,466
Current assets	**811,426**	542,483
Current liabilities	**(968,288)**	(716,663)
Non-current liabilities	**(44,176)**	(71,998)
Net assets	**224,101**	193,288
Reconciliation:		
% of ownership interests/voting rights held by the Group	**48%**	48%
Group's share of net assets of the investment	**107,568**	92,778
Elimination of gains or losses for transactions between the Group and the associate	**(202)**	—
Carrying amount of the investment	**107,366**	92,778

	2024	2023
	RMB'000	*RMB'000*
For the year ended 31 December:		
Summarised statement of profit or loss and other comprehensive income		
Revenue	**906,790**	975,465
Profit for the year	**30,813**	21,280
Total comprehensive income	**30,813**	21,280
Group's share of profit and total comprehensive income	**14,790**	10,214
Elimination of gains or losses for transactions between the Group and the associate	**(202)**	—
Carrying amount of Group's share of profit and total comprehensive income	**14,588**	10,214

At 31 December 2024, the bank and cash balances of the associate that denominated in RMB amounted to approximately RMB12,984,000 *(2023: approximately RMB70,575,000)*. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

13. EQUITY INVESTMENT-DESIGNATED FVOCI

	Unlisted equity investment *RMB'000*
At 1 January 2023	—
Additions	97,264
At 31 December 2023 and 1 January 2024	97,264
Change in fair value recognised in other comprehensive income	(34,645)
At 31 December 2024	**62,619**

On 24 November 2023, 浙江勝管實業有限公司 (Zhejiang Shengguan Industrial Co., Ltd#) ("**Zhejiang Shengguan**"), a subsidiary of the Group, has entered into an equity transfer agreement with an independent third party in respect of the disposal of 2% of equity interests in 新鋒能源集團有限公司 (Xinfeng Energy Enterprise Group Co., Ltd#) ("**Xinfeng Energy**"), being a former associate and a private entity incorporated in the PRC, at a cash consideration of approximately RMB10,780,000 (the "**Xinfeng Disposal**"). The Xinfeng Disposal was completed on 27 December 2023 (the "**Disposal Date**") and resulted in a loss of significant influence over Xinfeng Energy. Accordingly, the Group ceased to account for its retained equity interests of 19.95% in Xinfeng Energy as investment in an associate and re-designated it to financial assets designated at fair value through other comprehensive income ("**Designated FVOCI**") because the Group irrevocably designated the investment in Xinfeng Energy as Designated FVOCI since the Group intends to hold the investment for long-term strategic purposes and considers the accounting treatment applied provide more relevant information for the investment. No dividends were received on this investment during the years ended 31 December 2024 and 2023.

On 31 December 2024, the fair values of Equity Investment-Designated FOVCI are approximately RMB62,619,000 *(2023: approximately RMB97,264,000)* with reference to the valuation reports prepared by CHFT Advisory and Appraisal Limited *(2023: ValQuest Advisory (Hong Kong) Limited)*, an independent professional valuer.

The fair value of the investment in Xinfeng Energy was categorised into the level 3 fair value hierarchy as defined in IFRS 13, *"Fair Value Measurement"*.

The English name is for identification only.

14. TRADE AND BILLS RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables from third parties		**49,668**	57,460
Less: Loss allowance		**(539)**	(1,360)
	14(a)	**49,129**	56,100
Bills receivables	*14(b)*	**—**	5,826
		49,129	61,926

14(a) Trade receivables

Included in the balances are the trade receivables (before loss allowance) from contracts with customers within IFRS 15:

	2024 RMB'000	2023 RMB'000
At the beginning of the reporting period	**57,460**	95,648
At the end of the reporting period	**49,668**	57,460

The Group's trading terms with its customers are mainly on credit generally up to 180 days *(2023: up to 180 days)*. All bills receivables are due within 90 to 180 days *(2023: 90 to 180 days)*.

An aged analysis of the trade receivables at the end of the reporting period, based on the invoice date (net of allowances), is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**40,346**	39,894
3 to 6 months	**2,410**	5,152
6 months to 1 year	**4,772**	10,673
1 to 2 years	**1,601**	381
	49,129	56,100

The movement in the loss allowance for trade receivables during the reporting period is summarised below:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the reporting period	**1,360**	118
(Decrease) Increase in loss allowance, net	**(821)**	1,242
At the end of the reporting period	**539**	1,360

The Group applies the simplified approach under IFRS 9 *"Financial Instruments"* to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Within 1 year past due**	**1 to 2 years past due**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024				
Weighted average expected loss rate (%)	**0.0%**	**5.0%**	**10.0%**	**1.1%**
Gross amount	**39,120**	**10,317**	**231**	**49,668**
Loss allowance	**—**	**(516)**	**(23)**	**(539)**
Net amount	**39,120**	**9,801**	**208**	**49,129**
At 31 December 2023				
Weighted average expected loss rate (%)	0.0%	5.0%	10.0%	2.4%
Gross amount	30,692	26,344	424	57,460
Loss allowance	—	(1,318)	(42)	(1,360)
Net amount	30,692	25,026	382	56,100

The Group does not hold any collateral over trade receivables at 31 December 2024 and 2023.

14(b) Bills receivables

At 31 December 2023, all bills receivables are interest-free and guaranteed by banks in the PRC and have maturities of less than six months. Those bills receivables have been recovered during the year ended 31 December 2024.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Advances to suppliers *(Note (i))*	**149,390**	85,638
Value-added tax recoverables	**2,130**	779
Prepayments	**865**	803
Deposits	**—**	13,193
Tender deposits to customers	**2,203**	2,902
Security deposits in respect of sales contract with customers	**13,931**	22,274
Consideration receivables from non-controlling interests ("**NCI**") in respect of partial disposal of equity interests in a subsidiary *(Note (ii))*	**1,890**	—
Others	**2,953**	3,654
	173,362	129,243

Notes:

(i) The advances are paid to suppliers to secure the supply of raw materials and sub-contracting services at the end of the reporting period. The advances are interest-free, refundable and/or expected to be utilised within 1 year.

(ii) On 31 December 2024, the Group has completed the disposal of 2% of equity interests in Zhejiang Shengguan, a subsidiary of the Group, to an independent third party at a cash consideration of approximately RMB1,890,000 (the "**Consideration**") (the "**Disposal**"). The Consideration has been subsequently settled. After the completion of the Disposal, the Group continues to hold 98% of equity interests in Zhejiang Shengguan and the Disposal did not result in a loss of control over Zhejiang Shengguan. Accordingly, a NCI in Zhejiang Shengguan is recognised within equity and the difference between the Consideration and the fair value of NCI of Zhejiang Shengguan at initial recognition is recognised in capital reserve within equity of approximately RMB192,000.

16. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables to third parties	**46,104**	44,497

The trade payables are non-interest bearing. The payment terms with suppliers are normally on credit ranging from 90 to 180 days *(2023: 90 to 180 days)* from the time when goods are received from suppliers.

An aged analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**35,209**	29,250
3 to 6 months	**518**	3,608
6 months to 1 year	**2,199**	222
1 to 2 years	**449**	10,376
Over 2 years	**7,729**	1,041
	46,104	44,497

17. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Accruals	**4,262**	4,981
Tender deposits to suppliers	**3,059**	3,629
Payables in acquisition of property, plant and equipment	**3,842**	4,949
Payables for distribution services fee	**3,798**	1,957
Other tax payables	**906**	636
Interest payables in respect of other loans	**1,459**	1,775
Others	**2,430**	3,029
	19,756	20,956

18. BORROWINGS

	2024			2023		
	Effective interest rate *(%)*	**Maturity** *(year)*	***RMB'000***	Effective interest rate *(%)*	Maturity *(year)*	*RMB'000*
Bank loans						
Secured *(Note (i))*	**3.40%–4.38%**	**2025–2026**	**276,040**	3.97%–4.38%	2024–2026	280,800
Other loans						
Unsecured *(Note (ii))*	**5.00%**	**2025**	**33,796**	5.00%	2024	48,767
			309,836			329,567

Borrowings are repayable as follows:	***RMB'000***	*RMB'000*
Within one year	**203,866**	237,167
One to two years	**105,970**	400
Two to three years	**—**	92,000
Analysed for reporting purpose:		
Current	**203,866**	237,167
Non-current	**105,970**	92,400
	309,836	329,567

Notes:

(i) The bank loans were secured by pledge of certain of the Group's property, plant and equipment amounting to approximately RMB117,868,000 *(2023: approximately RMB101,501,000)* and right-of-use assets amounting to approximately RMB68,111,000 *(2023: approximately RMB70,046,000)*.

(ii) At 31 December 2024, the other loans represented the advance from directors, chief executive and other members of key management of the Company of approximately RMB1,065,000 *(2023: approximately RMB1,065,000)* and from employees of approximately RMB32,731,000 *(2023: approximately RMB47,702,000)*, which are unsecured, bear a fixed interest rate of 5% per annum and repayable within one year *(2023: same)*. During the year ended 31 December 2024, advance from directors, chief executive and other members of key management of the Company of approximately RMB1,065,000 at 31 December 2023 were further extended and being repayable within one year at 31 December 2024.

19. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

During the years ended 31 December 2024 and 2023 the Group had the following material transactions with related parties. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

	2024	2023
	RMB'000	*RMB'000*
Other loans from directors, chief executive and other members of key management	**—**	465
Repayment of other loans from directors, chief executive and other members of key management	**—**	1,500
Interest on other loans paid to directors, chief executive and other members of key management	**40**	30
Repayment of interest on other loans paid to directors, chief executive and other members of key management	**—**	59
Sales made to Hunan Shengli Steel Pipes	**44,540**	—
Purchase made from Hunan Shengli Steel Pipes	**44,961**	—

(b) Significant related party balances

At the end of the reporting period, the Group had the following balances with its related parties:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Other loans from directors, chief executive and other members of key management	**1,065**	1,065
Interest payables on other loans from directors, chief executive and other members of key management	**81**	41

(c) Key management compensation

The emoluments of directors, chief executive and other members of key management for the reporting period is as follows:

	2024	2023
	RMB'000	*RMB'000*
Directors' fees	**1,931**	1,975
Salaries, wages, allowances and other benefits in kind	**4,938**	5,901
Performance related bonus	**240**	498
Retirement benefit scheme contributions	**352**	649
	7,461	9,023

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I hereby present to you the audited results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year under Review**").

In 2024, amid persistent external uncertainties presented by a complex and volatile global economy, and accelerating economic restructuring, China's economic development encountered transitional challenges, including a lack of effective demand and pains inherent in shifting from old to new economic drivers. However, the development of the economy was also strongly supported by a series of positive factors, such as the continuing effects of macro policies, more proactive fiscal policies, and stable and flexible monetary policies, which created a favourable policy environment for stable economic growth. In 2024, the Gross Domestic Product (GDP) of China reached RMB134.9 trillion, representing a year-on-year growth of 5.0%, and the national economy was generally stable and progressing amidst stability.

Since the beginning of 2024, the oil and gas industry has faced many challenges and opportunities. On the one hand, geopolitical conflicts and uncertainties in the international landscape have posed challenges to the stability of global energy supply. On the other hand, the rapid development of alternative energy has had an impact on the traditional oil and gas industry, accelerating the downward trend of refined petroleum consumption. At the same time, China is vigorously promoting the green low-carbon transition, and renewable energy alternative actions are being continuously deepened. As an essential part of the traditional energy system, the oil and gas industry is facing the dual tests of transition pressure and investment adjustment.

During the Year under Review, China Oil & Gas Pipeline Network Corporation* (國家石油天然氣管網集團有限公司) ("**PipeChina**") has effectively promoted the in-depth implementation of the group company's overall strategy of "Five Insistences (五個堅持)" and the overall deployment of "Five Vigorous Efforts (五個狠下功夫)". The Sino-Russian East Line Natural Gas Pipeline (中俄東線天然氣管道), the largest single-pipe gas transmission capacity in China, has been fully completed and is operating at full capacity. The construction of strategic projects such as the Sichuan-to-East Natural Gas Pipeline No. 2 (川氣東送二線) and other projects is being accelerated, and new achievements have been made in the construction of the "one pipeline network nationwide* (全國一張網)". The Group will continue to leverage its extensive experience and advanced technologies to further enhance its operational efficiency and service quality, and continuously practice high-quality development.

STEADY PROGRESS IN BIDDING AND CUSTOMER MAINTENANCE TO CONSOLIDATE THE DOMESTIC AND OVERSEAS MARKET LAYOUT

During the Year under Review, the Group has achieved outstanding performance in the bidding projects of major customers such as PipeChina, China Petroleum & Chemical Corporation ("**SINOPEC**"), China National Petroleum Corporation ("**CNPC**"), China National Offshore Oil Corporation ("**CNOOC**") (collectively the "**Three Barrels**") and China Petroleum Technology & Development Corporation (中國石油技術開發有限公司) ("**CPTDC**"), and at the same time, steadily enlarged our share in the social market and actively expanded the domestic and overseas markets, so as to lay a solid foundation for high-quality growth. In the CNPC's annual bidding for centralised procurement of welded steel pipes, the Group won the first place by virtue of its remarkable production quality and efficient service capability. Subsequently, the Group continued to maintain its leading position in SINOPEC's framework tenders for a number of projects, especially in the 2024 framework agreement bidding for the processing of spiral submerged arc welded pipes for long-distance pipelines, in which the Group was awarded the second place with excellent result. In addition, the Group continued to win the bidding of the pipeline steel pipe framework of PipeChina in 2024, further consolidating its position as a supplier.

On the basis of the consistent deployment of major national high-end oil and gas pipeline customers, the Group has steadily expanded its share in the social market, and actively explored new cooperation opportunities during the year and successfully secured five new customers. At the same time, the Group optimised its overall order structure and launched strategic cooperation with leading enterprises in the insulation industry, laying the foundation for the Group to develop the insulation market independently and to accumulate significant project achievements in the future.

Confronted with the changes in the industry environment and the new trend of market demand, the Group accelerated its international layout and seized the opportunities of globalisation. During the Year under Review, the Group established a sound communication mechanism with Middle East Company of CPTDC (中技開中東公司) to lay the foundation for entering the Middle East and international markets and expanding its overseas business layout.

COORDINATING PRODUCTION AND MAINTENANCE TO ENHANCE EQUIPMENT CAPACITY AND COMPLETE SUPPLY GUARANTEE TASKS WITH HIGH QUALITY AND EFFICIENCY

During the Year under Review, production branches of Shandong Shengli Steel Pipe Co., Ltd.* (山東勝利鋼管有限公司) ("**Shandong Shengli Steel Pipe**"), a subsidiary of the Group, strictly implemented the production plan and successfully completed production of welded and anti-corrosion pipelines used for the transmission of oil, gas and water, including PipeChina Hulin-Changchun Natural Gas Pipeline Project* (國家管網集團虎林 — 長春天然氣管道工程), Sichuan-to-East No. 2 Natural Gas Pipeline Project Sichuan-Chongqing-Hubei Section* (川氣東送二線天然氣管道工程川渝鄂段工程), and Lianyungang-Yizheng Crude Oil Pipeline Project Lianyungang-Huai'an Section* (連雲港至儀徵原油管道工程連雲港至淮安段) and other major pipeline projects. Based on the demand for orders and the supply of raw materials, the Group has precisely formulated production task allocation and human resources allocation strategies, and continued to optimise the coordination of positions and workflow to ensure the efficient operation of various links and the orderly progress of various tasks. Meanwhile, in order to ensure the completion of the supply guarantee tasks with high quality, the Group has improved and refined the key equipments by adopting new processes, which effectively enhanced the stability and precision of the equipments as well as the overall production efficiency.

BOOSTING QUALITY MANAGEMENT THROUGH MAINTAINING VALID QUALIFICATION CERTIFICATES

During the Year under Review, Shandong Shengli Steel Pipe launched an internal audit of the quality, environmental, occupational health and safety management system, and completed the annual supervision and audit of API 5L and API Q1, and successfully passed the second annual audit certificate of TU-CR of Eurasian Union. In addition, the Group has completed the Carbon Footprint and Type III Environmental Statement assessment for spiral submerged arc welded steel pipes and anti-corrosive steel pipes for the first time, as well as the accreditation of Green Packaging and Green Factory. These initiatives have provided adequate protection for customer maintenance and market development, which have helped the Group to rank among the first-class pipeline manufacturing enterprises and actively fulfill its corporate social responsibilities.

OPTIMISING THE INTERNAL MANAGEMENT MECHANISM OF THE ENTERPRISE TO ENHANCE OPERATIONAL EFFICIENCY

During the Year under Review, the Group continued to promote quantitative performance appraisal, reasonably adjusted the contractually standards, effectively strengthened the detailed management of the basic units and enhanced production efficiency, thereby further improving the employee incentive mechanism and overall operational efficiency. By optimising the procurement process, strengthening inventory management and improving the procurement system of materials, the Group effectively reduced the pressure on inventory and enhanced liquidity. Keeping abreast of the adjustment of the train transportation policy, the Group optimised the vehicle loading scheme to reduce the steel pipe transport costs, and meanwhile, the Group comprehensively promoted grid-based management, strengthened on-site and safety management, and further enhanced the management level.

PROACTIVELY EXPEDITING AUTOMATION TRANSFORMATION AND SAFETY PROTECTION TRANSFORMATION, IMPROVING TECHNOLOGY CAPABILITIES

The Group continued to deepen automation and safety protection transformation and promote technology-powered generation. During the Year under Review, Shandong Shengli Steel Pipe implemented 2 technological improvement projects, including the Automatic Pipe-end Measuring System of Pre-welding Finished Products* (預精焊成品管端自動測量系統) and the Automatic Welding Seam Tracking System for 3# Unit* (3#機組內焊縫自動跟蹤系統), which optimised and improved the solutions under the production mode of small pipe diameters. Meanwhile, the Group implemented 20 equipment technology upgrading and modification works to further enhance the equipment level and improve the safety of operation. In addition, the Group independently designed the automatic grinding equipment for in-line external weld seams for 2# Unit in No. 2 Factory* (二分廠2#機組在線外焊縫自動修磨設備), which not only improved the appearance quality of the external weld seams, but also significantly saved anti-corrosion raw materials. During the Year under Review, the Group's technical personnel published 16 scientific papers, and 3 utility model patents and 1 invention patent have been authorized. In addition, the number of middle and senior-ranking staff continued to increase and the building of professional and technical teams progressed steadily, further enhancing the Group's soft power in technology and management.

INTENSIFYING MANAGEMENT ON ENERGY CONSUMPTION, ENERGY SAVING AND EMISSION REDUCTION FOR DEVELOPMENT

During the Year under Review, the Group proactively moved towards "new" and "green" development, strengthened energy consumption management, supervision and assessment work, and verified and realised energy consumption reduction, energy saving and emission reduction. According to the monthly pre-scheduling demand, combined with the industrial electricity season and the distribution of peak period and valley period, the Group adjusted its pricing model in a timely manner, in order to reasonably reduce electricity costs. In addition to lowering electricity costs, the Group has also fulfilled its corporate social responsibility by utilizing photovoltaic power generation projects on factory roofs and rooftops to increase the use of electricity with green energy in order to contribute to the realization of the "carbon peaking and neutrality" initiative in China's "14th Five-Year Plan".

FUTURE PROSPECTS

The year 2025 is the final year of China's "14th Five-Year Plan", and with a series of economic stimulus policies launched by China, economic development is facing new opportunities. Against this macro backdrop, the Group will flexibly respond to the ever-changing industry trends, embrace new modes and explore new tracks, and promote the upgrading of industries empowered by new quality productivity. In the increasingly fierce market competition, the Group will maintain the passion of "no retreat is the way to victory" to open up new development paths and create new value growth points.

Since its establishment, PipeChina has been committed to expediting the construction of oil and gas pipeline infrastructure. At present, Hulin-Changchun Natural Gas Pipeline Project* (虎林—長春天然氣管道工程) and Sichuan-to-East Natural Gas Pipeline No. 2 Project (Tongliang-Qianjiang Section, Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section)* (川氣東送二線天然氣管道工程(銅梁—潛江段、鄂豫贛皖浙閩段)) have successively started construction, and the entire line of Zhangzhou LNG Transmission Pipeline Project* (漳州LNG外輸管道工程) has formally put into operation. Shandong Shengli Steel Pipe, as a major supplier of PipeChina, taking advantage of its production capacity and technology, has been striving for more project orders from PipeChina with high-quality and efficient supply performance. The Group will actively deploy 2025 annual framework agreement bidding to stabilize the position of the main supplier, focus on optimising and analysing the Group's strengths to meet the requirements of PipeChina for major suppliers, in order to lay the foundation for securing more project orders. With overwhelming performance and good quality advantages, the Group is confident that it will gain more construction opportunities in the future oil and gas pipeline infrastructure construction, which will increase the Group's revenue and make positive contributions to China's energy construction.

Looking forward to 2025, the Group will continue to open up the social market based on the layout of the mid-to-high-end oil and gas pipeline market by strengthening market research, expanding the scope of products and carrying out entire-life-cycle sales services, with a view to realising the comprehensive coverage of the national pipeline network to the provincial and municipal trunk line projects. At the same time, the Group will further optimise the order structure, focus on the customer-supplied materials processing market and the large-diameter heat pipeline market, and strive to achieve steady growth in both social pipeline orders and national pipeline network orders. The Group will also press ahead with strategic adjustment, optimise business structure and expedite the upgrade and update of products and technologies, in a bid to enhance its core competitiveness.

Relying on the strength of the process technology research center and the quality inspection institute, the Group will continue to intensify its efforts in patent application and technology research and development, and promote the transformation of innovative achievements into actual products. At the same time, the Group will continue to strengthen quality management to ensure that every steel pipe complies with national and industry standards, strictly control production, inspection and shipment to ensure product quality and guard the quality lifeline of the Company.

Last but not least, I would like to take this opportunity to express sincere gratitude to our shareholders, customers and stakeholders, as well as to all management and staff for their hard work and unremitting efforts in the past year. Looking ahead, the Group will continue to capitalize on market opportunities, actively promote its strategic layout, and uphold the "fighting spirit" to strengthen and optimise oil and gas transmission products. At the same time, the Group will focus on long-term development and create new momentum with new quality productivity to create long-term value for our shareholders and the society.

Zhang Bizhuang
Executive Director & Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2024, the global market still faced many uncertainties, with external factors such as international geopolitical conflicts and trade protectionism exerting certain pressure on the global economic recovery. Meanwhile, China is significantly boosting development coordination with its accelerating optimization and upgrading of its economic structure, and transformation and upgrading of traditional industries and the rise of emerging industries occurring in parallel. According to the preliminary estimate of the National Bureau of Statistics, China's Gross Domestic Product (GDP) reached RMB134.9 trillion in 2024, representing a year-on-year growth of 5.0%. Despite numerous external challenges, the economy maintained a stable growth trend throughout the year, demonstrating strong resilience and vitality, driven by the precise control of the national macro policies, the continuous release of domestic demand and the development of new quality productive forces.

In 2024, the oil and gas industry showed overall steady progress. After reaching its peak in 2023, consumption of refined petroleum declined in 2024. International oil prices fluctuated within the range of core trends, striking a basic balance between demand and supply. In the domestic market, under the guidance of the national energy security strategy, constant progress has been achieved in the reserve and output of oil and gas resources, and crude oil and natural gas production achieved steady growth. Crude oil produced by industry players with designated scale reached approximately 210 million tonnes, representing a year-on-year increase of 1.8%, while natural gas produced by industry players with designated scale reached approximately 246.4 billion cubic metres, representing a year-on-year increase of 6.2% and hitting record highs for the same periods historically. On the demand side, total energy consumption in the domestic market in 2024 registered a year-on-year growth of 4.2%. Among them, oil consumption posted a year-on-year decrease of 1.7% due to industrial restructuring and new energy substitution effect, natural gas consumption recorded a year-on-year increase of 8%, coal consumption represented a decrease of 1.6%, and the proportion of non-fossil energy in total energy consumption recorded a year-on-year steady increase of 1.8%. This indicates that the overall demand in the domestic oil market is stabilising, while the penetration of new and alternative energies is increasing, and the trend towards green and sustainable development is becoming more apparent.

The Group has been closely following the national development strategy by optimising resources allocation, improving technical and innovative capability and strengthening market expansion efforts, which contributes to domestic oil and gas pipeline construction. During the Year under Review, the Group made constant efforts to serve pipeline construction demands of PipeChina, the Three Barrels and other major customers, and won the bids for several national pipeline projects. Besides, the Group also established ties with five new customers, including cleaning and heating projects in the Fugu County (府谷縣) urban area, thereby paving the way for subsequent development of thermal insulation market independently and accumulation of significant engineering results. In addition, the Group also contributed to the "carbon peaking and carbon neutrality" initiative, rolled out multiple assessments on carbon footprints, which set the solid foundation for tapping into energy conservation and emission reduction measures.

2025 is the end of the "14th Five-Year" Period and an important year for the conclusion of "15th Five-Year Plan", and China's oil and gas work will enter a critical period of promoting high-quality development and high-level security. The oil and gas industry needs to focus on improving its independent security capabilities, its ability to cope with risks and its ability to secure imported resources. Looking forward to 2025, in the face of the evolving industry trends, the Group will respond flexibly, continue to explore new models, open up and develop new roads with innovative thinking, and excavate more value growth points. In the increasingly fierce market competition, the Group will uphold the spirit of "choose one thing that matters and follow through all the rest of your life", and make every effort to win more orders for oil and gas pipeline construction projects. At the same time, the Group will continue to increase its efforts in patent applications and technology research and development, strictly control quality, constantly optimise corporate governance and technological innovation, promote its own sustainable development, and create long-term value for investors.

BUSINESS REVIEW

As one of China's largest oil and gas pipeline manufacturers offering superior quality products with top-rated facilities, cutting-edge technologies, advanced technique and a comprehensive quality inspection and assurance system, the Group is one of the few domestic qualified suppliers which are capable of providing large-diameter pipes designed to sustain the high pressure in long distance transportation of crude oil, refined petroleum and natural gas for large-scale oil and gas pipeline projects in China.

Major customers of the Group comprise PipeChina and large-scale state-owned oil and gas enterprises and their subsidiaries such as the Three Barrels. The Group focuses on the design, manufacturing, anti-corrosion processing, insulation processing and servicing of submerged-arc helical welded pipes (the "**SAWH pipes**") used for the transport of crude oil, refined petroleum, natural gas and other related products.

During the Year under Review, the Group participated in multiple important biddings and achieved remarkable results in biddings such as the annual welding pipe centralised procurement bidding program of CNPC, the SSEC-carbon steel spiral welded pipe company-level framework bidding of Sinopec Shanghai Engineering Co., Ltd., SINOPEC's 2024 long-distance submerged-arc helical welded pipes processing framework agreement bidding activity, and the open bidding for the annual framework procurement of welded pipes manufacturers in Sinopec's 13th-phase group procurement. Meanwhile, under the leadership of the Group's management, it continued to win the bid for PipeChina's 2024 annual pipeline framework bidding.

As of 31 December 2024, the annual production capacity of the SAWH pipes, the ancillary anti-corrosion production line and the insulation pipe production line of the Group reached approximately 800,000 tonnes, 4.80 million square metres and 110 kilometres, respectively.

As of 31 December 2024, pipes manufactured by the Group were used in the world's major oil and gas pipelines with a cumulative total length of approximately 35,554 kilometres, of which 94.9% were installed in China while the remaining 5.1% were installed outside China.

During the Year under Review, large-scale pipe projects using SAWH pipes manufactured by the Group's subsidiaries included: PipeChina Hulin-Changchun Natural Gas Pipeline Project* (國家管網集團虎林 — 長春天然氣管道工程), Sichuan-to-East No. 2 Natural Gas Pipeline Project Sichuan-Chongqing-Hubei Section* (川氣東送二線天然氣管道工程川渝鄂段工程), Sichuan-to-East No. 2 Natural Gas Pipeline Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段幹線), Lianyungang-Yizheng Crude Oil Pipeline Project Lianyungang-Huai'an Section* (連雲港至儀徵原油管道工程連雲港至淮安段), Guangdong Natural Gas Pipe Network Zhuhai-Zhongshan-Jiangmen Trunk Pipeline* (廣東省天然氣管網珠中江幹線), Haixi Natural Gas Pipeline Network Phase II Project Rectification Assignment (Zhangzhou-Longyan Section)* (海西天然氣管網二期工程整改項目(漳州—龍巖段)), CPTDC Pakistan Pipeline Project* (中技開巴基斯坦管道項目) and SINOPEC Shandong Pipeline and Jiqing Pipeline (Zhangqiu-Jiaozhou Section) Upgrading and Renovation Project* (中石化山東管道濟青管道(章丘—膠州段)提升改造工程). Local pipeline projects included Laiwu-to-Tai'an Long-distance Transmission Heat Supply Pipeline Project* (萊熱入泰長距離輸送供熱管網工程), Weihai High Pressure Natural Gas Pipeline Project* (威海市高壓天然氣管線工程), Fugu County, Shaanxi Province Clean Heating Project in Urban Area* (陝西省府谷縣城區清潔供暖工程), Gongyi Yulian Industrial Park-Northern Zhengzhou Municipal Centralised Heat Supply Pipeline Connecting Project* (鞏義市豫聯工業園至鄭州市北部區域市政集中供熱幹線聯通管工程), Gongyi Yulian Industrial Park-Urban Area Heat Supply Pipeline Network Capacity Increase and Improvement Project* (鞏義市豫聯工業園至市區集中供熱主幹管網增容改造工程) and Anhui Dingjie Urban-rural Integration Water Supply Project* (安徽定結縣城鄉一體化供水工程).

Large-scale pipeline projects using anti-corrosion pipes manufactured by the Group's subsidiaries included: PipeChina Hulin-Changchun Natural Gas Pipeline Project* (國家管網集團虎林 — 長春天然氣管道工程), Sichuan-to-East No. 2 Natural Gas Pipeline Project Sichuan-Chongqing-Hubei Section* (川氣東送二線天然氣管道工程川渝鄂段工程), Guangdong Natural Gas Pipe Network Zhuhai-Zhongshan-Jiangmen Trunk Pipeline* (廣東省天然氣管網珠中江幹線), Lianyungang-Yizheng Crude Oil Pipeline Project Lianyungang-Huai'an Section* (連雲港至儀徵原油管道工程連雲港至淮安段), Haixi Natural Gas Pipeline Network Phase II Project Rectification Assignment (Zhangzhou-Longyan Section)* (海西天然氣管網二期工程整改項目(漳州 — 龍巖段)), Sichuan-to-East No. 2 Natural Gas Pipeline Project Hubei-Henan-Jiangxi-Anhui-Zhejiang-Fujian Section* (川氣東送二線天然氣管道工程鄂豫贛皖浙閩段幹線) and SINOPEC Shandong Pipeline and Jiqing Pipeline (Zhangqiu-Jiaozhou Section) Upgrading and Renovation Project* (中石化山東管道濟青管道(章丘 — 膠州段)提升改造工程). Local pipeline projects included Weihai High Pressure Natural Gas Pipeline Project* (威海市高壓天然氣管線工程), Gongyi Yulian Industrial Park-Northern Zhengzhou Municipal Centralised Heat Supply Pipeline Connecting Project* (鞏義市豫聯工業園至鄭州市北部區域市政集中供熱幹線聯通管工程) and Liulin Area Connecting Line (Xiameizhi Gas Gathering Station-Linlin line 6# Valve Room) Construction Project* (柳林區塊連接線(下峭芝集氣站至臨臨線6#閥室)建設項目).

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue witnessed a decline of approximately 3.7%, decreasing from approximately RMB591,885,000 in last year to approximately RMB570,069,000. The majority of revenue was attributable to the Group's core business, the Pipe Business, where the revenue from the sales of SAWH pipes increased by approximately 0.8% to approximately RMB514,921,000 (2023: approximately RMB510,914,000). The revenue from the anti-corrosion processing business experienced an approximately 20.9% increase to approximately RMB44,454,000 (2023: approximately RMB36,770,000), the revenue from the insulation processing business which was significantly plummeted to nil (2023: approximately RMB143,000). The revenue from the trading segment decreased by approximately 75.7%, amassing revenue of approximately RMB10,694,000 (2023: approximately RMB44,058,000). The Group's revenue from sales of SAWH pipes and anti-corrosion processing business increased as compared to last year, but revenue from insulation processing business and trading business decreased significantly as compared to previous year, which in total resulted in a slight decrease in the Group's revenue during the Year under Review as compared to 2023.

Cost of sales and services

The Group's cost of sales and services decreased by approximately 8.5% from approximately RMB558,422,000 for the year ended 31 December 2023 to approximately RMB510,933,000 for the year ended 31 December 2024. The decrease in cost of sales and services was mainly due to the reduction in the various costs and expenses incurred by the Group during the Year under Review.

Gross profit

The gross profit of the Group increased by approximately 76.7% from approximately RMB33,463,000 for the year ended 31 December 2023 to approximately RMB59,136,000 for the year ended 31 December 2024. The gross profit margin of the Group increased from approximately 5.7% for the year ended 31 December 2023 to approximately 10.4% for the Year under Review. The increase in gross profit and gross profit margin was primarily attributable to a significant increase in the proportion of national pipeline projects and anti-corrosion processing business in the Group's Pipe Business, which have higher gross profit margin, during the Year under Review.

Other income and gains

Other income and gains of the Group decreased from approximately RMB17,838,000 for the year ended 31 December 2023 to approximately RMB7,657,000 for the year ended 31 December 2024. Such decrease was primarily due to a significant decrease in income from sales of materials during the Year under Review, while the Group's revenue from the sales of steel plates achieved an increase through inventory clearance during the year ended 31 December 2023.

Selling and distribution costs

Selling and distribution costs of the Group increased from approximately RMB27,730,000 for the year ended 31 December 2023 to approximately RMB32,487,000 for the year ended 31 December 2024. The significant increase in selling and distribution costs was primarily attributable to the increase in distribution expenses incurred by the subsidiaries of the Group during the Year under Review.

Administrative expenses

The Group's administrative expenses decreased from approximately RMB94,281,000 for the year ended 31 December 2023 to approximately RMB78,334,000 for the year ended 31 December 2024. The decrease in administrative expenses was primarily attributable to reasonable planning by the Group to cut down on expenses during the Year under Review.

Share of results of associates

For the year ended 31 December 2024, the Group's share of results of associates was approximately RMB14,558,000, as compared to share of results of associates of approximately RMB11,773,000 for the year ended 31 December 2023. The increase was primarily attributable to the increase in the Group's share of profits of associates during the Year under Review which was mainly due to the increase in profits of Hunan Shengli Xianggang Steel Pipe Co., Ltd.* (湖南勝利湘鋼鋼管有限公司), an associate of the Group, as compared with the previous year.

Disposal of equity interests

During the Year under Review, the Group recognised approximately RMB192,000 in the consolidated statement of changes in equity under the item of capital reserve, representing the difference between cash consideration of RMB1,890,000 and fair value of NCI recognised, on the disposal of 2% equity interest in a subsidiary, Zhejiang Shengguan Industrial Co., Ltd* (浙江勝管實業有限公司) ("**Zhejiang Shengguan**"). For the year ended 31 December 2023, the Group recorded gain of approximately RMB1,029,000 on disposal of partial equity interests in an associate, which was recognised in the consolidated statement of profit or loss and other comprehensive income, representing gain on disposal of 2% equity interests in Xinfeng Energy Enterprise Group Co., Ltd.* ("**Xinfeng Energy**") (新鋒能源集團有限公司).

Impairment loss

For the year ended 31 December 2023, the Group recognised an impairment loss of approximately RMB39,044,000, primarily attributable to the impairment of the Group's investment in a former associate, namely Xinfeng Energy. After the completion of the disposal of 2% equity interest in Xinfeng Energy of the Group on 27 December 2023, the investment in Xinfeng Energy was re-designated as financial assets at fair value through other comprehensive income. No impairment loss has been provided during the Year under Review.

Finance costs

The Group incurred finance costs of approximately RMB13,872,000 for the year ended 31 December 2024 (2023: approximately RMB14,503,000), which were primarily derived from interest on bank loans.

Other comprehensive loss

For the year ended 31 December 2024, the Group recognised a loss on fair value changes in financial assets designated at fair value through other comprehensive income with respect to investment in Xinfeng Energy of approximately RMB34,645,000 with reference to the valuation report prepared by an independent professional valuer using the adjusted net asset approach.

* *English name is for identification purpose only*

Income tax (expenses) credit

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year ended 31 December 2024. The profits tax rate of China Petro Equipment Holdings Pte. Ltd., a subsidiary of the Company incorporated in the Republic of Singapore, is 17% (2023: 17%) for the year ended 31 December 2024. Under the EIT Law and Implementation Regulation of the EIT Law, the income tax rate of the Company's subsidiaries in the PRC for the Year under Review is 25% (2023: 25%). Income tax expense for the year ended 31 December 2024 was approximately RMB57,000 (2023: income tax credit of approximately RMB15,122,000). Income tax credit recognised for 2023 was primarily due to the reversal of income tax provided in prior years of approximately RMB15,308,000 after the Group confirmed the treatment of certain previously unresolved tax matters with the PRC tax authority during the year ended 31 December 2023. Income tax expenses for the year ended 31 December 2024 was approximately RMB57,000 (2023: income tax credit of approximately RMB15,122,000). Such turnaround was mainly due to the reversal income tax provided in prior years was on one-off item. No such reversal of income tax was for the year ended 31 December 2024.

Total comprehensive loss for the year

Due to the combined effect of the above factors, the audited total comprehensive loss of the Group for the year ended 31 December 2024 was approximately RMB77,993,000, as compared to the audited total comprehensive loss of the Group of approximately RMB99,233,000 for the year ended 31 December 2023.

Net current (liabilities) assets

As of 31 December 2024, the Group's net current liabilities amounted to approximately RMB15,358,000, as compared to net current assets of approximately RMB18,868,000 as of 31 December 2023. The change from net current assets to net current liabilities was primarily attributable to the fact that, the increase in the Group's contract liabilities as of 31 December 2024 as compared to 31 December 2023 was higher than the increase in prepayment deposits and other receivables, which made current liabilities greater than current assets, resulting in net current liabilities.

Capital expenditure

The Group incurred capital expenditure for the purchase of property, plant and equipment, expansion of production facilities and purchase of machinery for the manufacture of steel pipe products and other administrative uses. Capital expenditure during the years ended 31 December 2024 and 2023 were primarily related to the purchase of property, plant and equipment.

The following table sets forth the capital expenditure of the Group:

	2024	2023
	RMB'000	*RMB'000*
Purchase of property, plant and equipment	**15,435**	13,355

Material acquisition and disposal

On 31 December 2024, the Group has completed the disposal of 2% of equity interests in Zhejiang Shengguan, a subsidiary of the Group, to an independent third party at a cash consideration of approximately RMB1,890,000 (the "**Consideration**") (the "**Disposal**"). The Consideration has been subsequently settled. After the completion of the Disposal, the Group continues to hold 98% of equity interests in Zhejiang Shengguan and the Disposal did not result in a loss of control over Zhejiang Shengguan.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year under Review.

Financial management and fiscal policy

During the Year under Review, the Group's revenue, expenses, assets and liabilities were primarily denominated in Renminbi. The Directors consider that the Group currently has limited foreign exchange exposure and has not entered into any hedging arrangement for its foreign exchange risk. The Group will closely monitor the foreign exchange fluctuations and will assess the need to adopt any measures in relation to foreign exchange risk from time to time.

Liquidity and financial resources and capital structure

As at 31 December 2024, cash and cash equivalents of the Group amounted to approximately RMB127,720,000 (2023: approximately RMB137,318,000). As at 31 December 2024, the Group had borrowings of approximately RMB309,836,000 (2023: approximately RMB329,567,000).

The gearing ratio is defined as net debt (represented by borrowings, trade payables, contract liabilities and other payables and accruals, net of cash and cash equivalents and pledged deposits) divided by total equity plus net debt. As at 31 December 2024, the gearing ratio of the Group was 54.3% (2023: 46.0%).

Contingent liabilities

For the year ended 31 December 2024, the Group did not have any material contingent liabilities (2023: Nil).

Capital commitments

The Group has a capital commitment of approximately RMB175,000 (2023: approximately RMB242,000) in respect of acquisition of property, plant and equipment as at 31 December 2024.

Pledge of Assets

As at 31 December 2024, the bank loans were secured by pledge of the Group's property, plant and equipment amounting to approximately RMB117,868,000 (2023: approximately RMB101,501,000) and right-of-use assets amounting to approximately RMB68,111,000 (2023: approximately RMB70,046,000).

Foreign Exchange Risk

During the Year under Review, the Group's businesses have been mainly transacted and settled in functional currency of subsidiaries, so the Group has had minimal exposure to foreign exchange risk. The Group did not utilise any forward contracts or other means to hedge its foreign exchange exposure. However, the management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts are in place.

Human Resources and Remuneration Policies

The Group reviews its human resources and remuneration policies periodically with reference to local legislations, market conditions, industry practice and assessment of the performance of the Group and individual employees. As of 31 December 2024, the Group's workforce comprised of 461 employees (including the Directors) (31 December 2023: 513 employees). The total salaries and related costs (including the Directors' fees) amounted to approximately RMB56,765,000 (2023: approximately RMB68,522,000). Such decrease in the total salaries and related costs was mainly due to the optimisation of the Group's employment during the Year under Review, as well as the decrease in the production volume of pipes business, which led to the decrease in overtime pay and floating wages payable by the Group to its employees.

The long-term incentive scheme include share options scheme and other incentive scheme as adopted by the Company from time to time to incentivise employees of the Company.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

EVENTS AFTER THE YEAR UNDER REVIEW

No other important events which have an impact on the Group took place after the end of the year ended 31 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following period:

The register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 16 June 2025. During the period mentioned above, no transfer of shares will be registered.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structure and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. The Board continues to strive to uphold good corporate governance and adopt sound corporate governance practices. The Company has applied the principles and code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Listing Rules.

For the year ended 31 December 2024, the Company has complied with all the code provisions set out in the Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirmed that during the year ended 31 December 2024, they have complied with the required standards set out in the Model Code and the code of conduct regarding directors' securities transactions.

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of their respective securities during the year ended 31 December 2024.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirmed that the Company has maintained sufficient public float as required under the Listing Rules during the Year under Review.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED (FORMERLY KNOWN AS MAZARS CPA LIMITED) ("FORVIS MAZARS")

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Forvis Mazars, to the amounts set out in the Group's audited consolidated financial statements for the current year. The work performed by Forvis Mazars in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars on this preliminary announcement.

AUDIT OPINION FROM FORVIS MAZARS

Forvis Mazars has expressed an unqualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 21 November 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process. All members of the Audit Committee are appointed by the Board. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Chen Junzhu, Mr. Qi Defu and Mr. Qiao Jianmin and Mr. Chen Junzhu serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.slogp.com). The annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the above websites in due course.

APPRECIATION AND STRIVING FOR THE GOALS

Last but not least, on behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers and employees of the Company for their continuous support and encouragement for the Company to overcome difficulties and flourish. The Company is positioned in the oil and gas and related equipment and pipeline industry and has a close connection with the economic and strategic development of the country. With the high quality and technical standards, unwavering efforts and unswerving dedication to our corporate philosophy, we are committed to grasping each and every opportunity. While maintaining stable growth for the existing pipes principal business and strengthening and optimising oil and gas transportation products, we will continue to develop new businesses around the energy and pipeline-related industries, thereby delivering long-term value to our shareholders.

* *For identification purpose only*

By Order of the Board
SHENGLI OIL & GAS PIPE HOLDINGS LIMITED
Zhang Bizhuang
Executive Director and Chief Executive Officer

Zibo, Shandong, 24 March 2025

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

Executive Directors:	*Mr. Wei Jun, Mr. Zhang Bizhuang, Mr. Wang Kunxian and Ms. Han Aizhi*
Non-executive Director:	*Mr. Huang Xingwang*
Independent non-executive Directors:	*Mr. Chen Junzhu, Mr. Qi Defu and Mr. Qiao Jianmin*