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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 – REDUCTION IN 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 (the “**Stock Exchange**”) 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 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 six months ended 30 June 2024 (the “**6M2024**”) and information currently available to the Board, the Group is expected to record a loss for the period attributable to owners of the Company of no more than approximately RMB26.0 million in the 6M2024, as compared to the loss for the period attributable to owners of the Company of approximately RMB57.3 million for the six months ended 30 June 2023 (the “**6M2023**”).

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 for the period attributable to owners of the Company for the 6M2024 is mainly attributable to the followings:

- (1) the absence of the impairment loss recorded in the 6M2023 related to the investment in an associate, Xinfeng Energy Enterprise Group Co., Ltd* (新鋒能源集團有限公司) (“**Xinfeng Energy**”). Following the disposal of 2% equity interests in Xinfeng Energy on 27 December 2023, the Group ceased to account for its remaining 19.95% equity interests in Xinfeng Energy as an investment in an associate and reclassified it as a financial asset designated at fair value through other comprehensive income (the “**Designated FVOCI**”) for the 6M2024. Accordingly, any change in fair value of the Designated FVOCI is recorded in other comprehensive income and based on an analysis of the performance of Xinfeng Energy by the Group with reference to the draft valuation report prepared by an independent professional valuer, the Group expects to record a loss on fair value changes of the Designated FVOCI related to Xinfeng Energy of no more than RMB26.0 million for the 6M2024. Consequently, the total comprehensive loss attributable to the owners of the Company is expected to be no more than RMB51.0 million for the 6M2024; and
- (2) a significant increase in national pipeline projects and anti-corrosion processing business with higher gross profit margin during the 6M2024 as compared with the 6M2023 which is partially off-set by the decrease in share of results of associate.

As at the date of this announcement, the Company is in the process of preparing and finalising the interim results of the Group for the 6M2024. 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 reviewed by the independent auditor and/or the audit committee of the Company. The interim results announcement is expected to be published by the end of August 2024.

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

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

Zibo, Shandong, 19 August 2024

* *The English name is for identification only.*

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

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

Non-executive Directors: Mr. Wei Jun and Mr. Huang Xingwang

Independent non-executive Directors: Mr. Chen Junzhu, Mr. Qi Defu and Mr. Qiao Jianmin