

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## 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

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Shengli Oil & Gas Pipe Holdings Limited (the “**Company**”) wishes to inform the shareholders of the Company and potential investors that based on a preliminary estimate by the Board and according to the management accounts, it is expected that the unaudited consolidated net profit of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2010 (the “**Interim Period**”) as compared to the same for the corresponding period in 2009 may decrease by approximately 50%, which was mainly due to tightening measures adopted by the PRC Government which led to a tight control over the number of new and major infrastructure projects (including pipeline projects) and therefore delays in commencement of construction of a number of major national oil and gas pipelines in the PRC. Due to such delay, the orders received by the Group during the Interim Period for supply of line pipes of large-diameter, high steel grade and high pipe-wall thickness which were usually supplied to major national oil and gas pipelines at higher selling price and margin dropped substantially. Moreover, the Group’s revenue from anti-corrosion servicing of line pipes also dropped significantly because line pipes of small-diameter, low steel grade and low pipe-wall thickness, which were the major products of the Group during the Interim Period, require less anti-corrosion servicing. In addition, the preferential rate of profit tax of the Group increased from nil to 12.5% with effect from 1 January 2010.

This announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2010 and on the information available to the Board at present, which have not been confirmed or reviewed by the Company’s auditors or the audit committee of the Company. Financial information of the Group will be disclosed in the interim results announcement for the six months ended 30 June 2010, which is expected to be published before the end of August 2010.

Notwithstanding the substantial drop in net profit, the Board is of the view that the financial position of the Group remains solid and that the Group will continue to explore different options for business development covering opportunities in the pipeline markets and the Board has confidence in the long term success of the Group.

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

By order of the Board  
**SHENGLI OIL & GAS PIPE HOLDINGS LIMITED**  
**Han Aizhi**  
*Executive Director*

Zibo, Shandong, 23 July 2010

*As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Bizhuang, Mr. Wang Xu and Ms. Han Aizhi; the Non-executive Directors are Mr. Yan Tangfeng, Mr. Teo Yi-Dar, Mr. Ling Yong Wah and Mr. Ong Kar Loon (alternate Director to Mr. Ling Yong Wah); and the Independent Non-executive Directors are Mr. Huo Chunyong, Mr. Guo Changyu and Ms. Wong Wing Yee Jessie.*