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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)

TERMINATION OF MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF SHAREHOLDING IN SHANGHAI GUOXIN

Reference is made to the circular of (the “**Circular**”) of Shengli Oil & Gas Pipe Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 25 September 2019 and the poll results announcement of the Company dated 16 October 2019 in relation to the conditional disposal of the Group’s 45% equity interests in the Target Company. Unless otherwise indicated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

Pursuant to the Sale and Purchase Agreement, Completion shall take place within 30 calendar days from the date (i) the condition precedent set out in the Sale and Purchase Agreement having been satisfied (which had been duly satisfied on 16 October 2019) and (ii) the payment of the consideration of RMB200 million (the “**Consideration**”) having been received by the Vendor in full. Pursuant to the Sale and Purchase Agreement, full payment of Consideration shall be made on or before 14 August 2020. In July 2020, the Group received from the Purchaser a request for a three-month extension for full payment of Consideration and consented to the same, such that the deadline for full payment of Consideration was extended to 14 November 2020. Prior to that, a sum of RMB10.1 million had already been paid by the Purchaser to the Group as partial payment of the Consideration.

In late September 2020, the Purchaser informed the Group that, due to the adverse effects of the outbreak of COVID-19 on the economy and the corresponding impact on its own business, it may not proceed with the transaction with the Group.

On 5 October 2020, after negotiations between the parties and careful consideration, the Group entered into a termination agreement with the Purchaser (the “**Termination Agreement**”) to terminate the Sale and Purchase Agreement with immediate effect. Pursuant to the Termination Agreement, the partial payment of RMB10.1 million shall be forfeited in entirety, and each of the Vendor and the Purchaser shall absolutely release the other party from the obligation, observance and performance of all or any of the terms and conditions set out in the Sale and Purchase Agreement. As a result, the Group will continue to own 45% equity interests in the Target Company.

Taking into consideration the current economic situation, adverse impact of COVID-19 and the costs and expenses incurred in relation to the transaction, the Board considers that the terms of the Termination Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole. The Board considers the termination of Sale and Purchase Agreement has no material adverse impact on the operations or financial position of the Group, and the Company will continue to explore other opportunities to realise its investment in the Target Company.

By order of the Board
Shengli Oil & Gas Pipe Holdings Limited
Zhang Bizhuang
Executive Director and Chief Executive Officer

Zibo, Shandong, 5 October 2020

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

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

Non-executive Director: *Mr. Wei Jun and Mr. Jiang Yong*

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