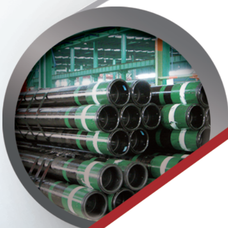
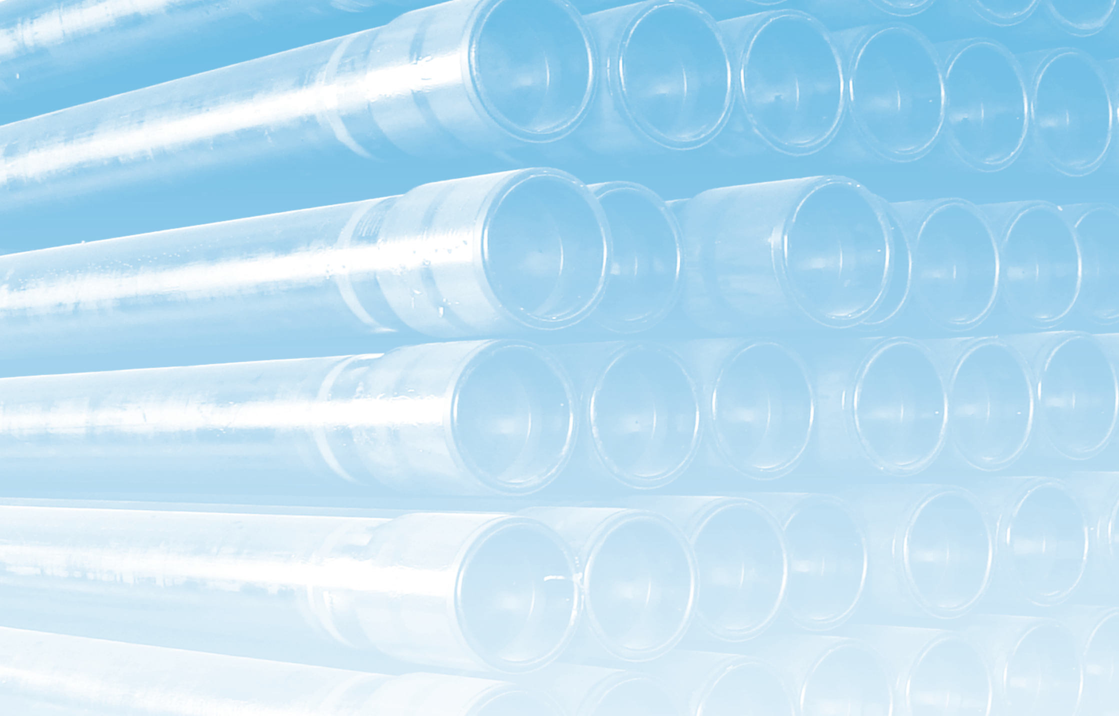
Anhui Tianda Oil Pipe Company Limited
安徽天大石油管材股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code : 839)



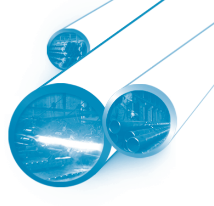
Interim Report
2009



Contents

Unaudited Key Operational Data

	For the six months ended 30 June		
Key operational indicators	**2009 (tonnes)**	**2008 (tonnes)**	**Changes (%)**
Volume of self-produced products sold			
Comprising: Oil well pipes	131,150	110,512	18.7%
Other pipes	29,520	22,704	30.0%
	160,670	133,216	20.6%
Volume of sourcing & distribution products sold	26,660	25,508	4.5%
Total sales volume	**187,330**	**158,724**	**18.0%**
Comprising: Export sales	48,640	62,630	–22.3%
Total production volume	**167,470**	**151,360**	**10.6%**



Income Statement

The board of directors (the "**Board**") of Anhui Tianda Oil Pipe Company Limited (the "**Company**") is pleased to present its unaudited results for the six months ended 30 June 2009 together with comparative figures for the respective periods.

	Notes	For the six months ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Revenue	2	**943,170**	1,083,107
Cost of sales		**(780,640)**	(896,524)
Gross profit		**162,530**	186,583
Other income		**28,732**	2,866
Selling and distribution costs		**(42,037)**	(34,376)
Administrative expenses		**(14,143)**	(18,743)
Other expenses		**(1,128)**	(134)
Operating profit		**133,954**	136,196
Finance income		**3,317**	4,225
Finance costs		**(1,873)**	(5,389)
Profit before tax	3	**135,398**	135,032
Income tax expense	4	**(33,378)**	(33,355)
Profit for the period		**102,020**	101,677
Dividends	5	**68,522**	40,606
Earnings per share			
Basic, profit for the period (RMB)	6	**0.134**	0.134

Profit for the period represents the "total comprehensive income" for the periods presented, accordingly, no statement of comprehensive income is presented.

Balance Sheet

	Notes	As at 30 June 2009 (Unaudited) RMB'000	As at 31 December 2008 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		951,901	742,493
Prepaid land premiums		28,950	29,276
Deferred tax assets		1,341	1,341
		982,192	773,110
Current assets			
Inventories		352,591	287,124
Trade and notes receivables	*7*	81,839	108,900
Prepayments, deposits and other receivables		704,631	337,492
Cash and bank balances		407,767	247,114
		1,546,828	980,630
Current liabilities			
Interest-bearing loans and borrowings		—	20,000
Trade and notes payables	*8*	710,623	176,803
Income tax payable		31,853	72,347
Accruals and other payables		130,982	178,548
Total current liabilities		873,458	447,698
NET CURRENT ASSETS		673,370	532,932
TOTAL ASSETS LESS CURRENT LIABILITIES		1,655,562	1,306,042
Non-current liabilities			
Interest-bearing loans and borrowings		364,715	48,693
NET ASSETS		1,290,847	1,257,349
EQUITY			
Issued capital		380,678	380,678
Reserves		910,169	808,149
Proposed final dividend		—	68,522
TOTAL EQUITY		1,290,847	1,257,349

Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the Company						
	Issued capital RMB'000	Share premium account RMB'000	Statutory surplus reserve RMB'000	General surplus reserve RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000
(Unaudited)							
At 1 January 2009	**380,678**	**299,652**	**64,300**	**—**	**444,197**	**68,522**	**1,257,349**
Profit for the period	**—**	**—**	**—**	**—**	**102,020**	**—**	**102,020**
Final 2008 dividend declared *(Note 5)*	**—**	**—**	**—**	**—**	**—**	**(68,522)**	**(68,522)**
At 30 June 2009	**380,678**	**299,652**	**64,300**	**—**	**546,217**	**—**	**1,290,847**
(Unaudited)							
At 1 January 2008	253,785	380,457	47,249	6,634	267,004	40,606	995,735
Profit for the period	—	—	—	—	101,677	—	101,677
Share premium transfer to issued capital	126,893	(126,893)	—	—	—	—	—
Reclassification	—	46,088	(13,171)	(6,634)	(26,283)	—	—
Final 2007 dividend declared *(Note 5)*	—	—	—	—	—	(40,606)	(40,606)
30 June 2008	380,678	299,652	34,078	—	342,398	—	1,056,806

Condensed Cash Flow Statement

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash flow from/(used in) operating activities	**150,875**	(210,198)
Net cash flow from/(used in) investing activities	**(222,435)**	(140,769)
Net cash flow from/(used in) financing activities	**232,213**	253,213
Net increase/(decrease) in cash and cash equivalents	**160,653**	(97,754)
Cash and cash equivalents at beginning	**247,114**	162,707
Cash and cash equivalents at end	**407,767**	64,953

1. Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Renminbi ("**RMB**") except when otherwise indicated and all values are rounded to the nearest thousand.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance.

The Company maintains its books and prepares its statutory financial statements in accordance with the relevant accounting principles and financial regulations promulgated by the Ministry of Finance of the People's Republic of China (the "**PRC**"). The accounting policies and bases adopted in the preparation of the statutory financial statements differ in certain respects from IFRSs. The differences arising from restating the results of operations and financial position to comply with IFRSs have been adjusted in these financial statements, but will not be taken up in the accounting records of the Company.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2008, except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") as of 1 January 2009, noted below:

Amendments to IFRS 7	Financial Instruments: Disclosures — Improving Disclosure about Financial Instruments
IFRS 8	Operating Segments
International Accounting Standard ("**IAS**") 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs

1. Basis of Preparation (continued)

Changes in accounting policies (continued)

The IFRS 7 Amendments require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and the liquidity risk disclosures are not significantly impacted by the amendments.

IFRS 8, which replaces IAS 14 Segment Reporting, requires disclosure of information about the Company's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. The Company shall report on each of the operating segments according to the information from each entity of the Company as received by the chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purpose, the operating activities of the Company belong to the same operating segment, which is mainly engaged in the production, purchasing and distribution of specialised seamless steel pipes. Therefore, no analysis on operating segments was set out. The Company has adopted IFRS 8 "Operating Segments" since 1 January 2009. No further segmental reporting was prepared.

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements.

IAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Company's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard did not have any impact on the financial position or performance of the Company.

1. Basis of Preparation (continued)

Changes in accounting policies (continued)

Improvements to IFRSs

In May 2008 the International Accounting Standards Board issued its first improvements to IFRSs which set out amendments to a number of IFRSs, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell". The Company amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one — the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Company has amended its accounting policy accordingly which did not result in any change in its financial position.

The amendments to the other standards did not have any impact on the accounting policies, financial position or performance of the Company.

Impact of issued but not yet effective IFRSs

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Financial Statements:

IFRS 1 (Revised)	*First-time Adoption of IFRSs*[1]
IFRS 1 Amendments	*Amendments to IFRS 1 First-time adoption of IFRSs — Additional Exemptions for First-time Adopters*[3]
IFRS 2 Amendments	*Amendments to IFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transaction*[3]
IFRS 3 (Revised)	*Business Combinations*[1]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
IAS 39 Amendment	*Amendment to IAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[1]
IFRIC-Int 17	*Distribution of Non-cash Assets to Owners*[1]
IFRIC-Int 18	*Transfers of Assets from Customers*[2]

1. Basis of Preparation (continued)

Changes in accounting policies (continued)

Impact of issued but not yet effective IFRSs (continued)

[1] Effective for annual periods beginning on or after 1 July 2009

[2] Effective for transfers of assets from customers received on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 January 2010

Apart from the above, the International Accounting Standards Board has also issued Improvements to IFRSs in April 2009, which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Improvements to IFRSs contains amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, Appendix to IAS 18, IAS 36, IAS 38, IAS 39, IFRIC-Int 9 and IFRIC-Int 16. Except for the amendments to IFRS 2, IFRIC-Int 9 and IFRIC-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and that no transitional provisions for amendment to Appendix to IAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010.

The Company is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that these new and revised IFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.

2. Revenue

Revenue represents the net invoiced value of goods sold, net of value-added tax, after allowances for returns, trade discounts and various types of government surcharges where applicable.

	For the six months ended	
	2009	2008
	Unaudited	Unaudited
	RMB'000	RMB'000
Sales of goods	**943,631**	1,083,559
Less: Government surcharges	**(461)**	(452)
Revenue	**943,170**	1,083,107

3. Profit Before Tax

The Company's profit before tax is arrived at after charging/(crediting):

	For the six months ended	
	2009	2008
	Unaudited	Unaudited
	RMB'000	RMB'000
Cost of sales	**780,640**	896,524
Depreciation	**21,297**	17,238
Amortisation of prepaid land premiums	**327**	327
Impairment of trade receivable	**—**	—
Write-down/(reversal) of inventories to net realizable value	**—**	(900)
Research costs	**3,771**	3,721
Auditors' remuneration	**—**	710
Staff costs (including directors' and supervisors' remuneration):		
— Salaries and other staff costs	**15,606**	15,590
— Retirement benefit contributions	**2,306**	2,340

4. Income Tax

No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "**New Corporate Income Tax Law**") was approved, and it became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Therefore, the applicable income tax rate of the Company has become 25% according to the New Corporate Income Tax Law starting from 1 January 2008.

4. Income Tax (continued)

The major components of income tax expense for the six months ended 30 June 2009 and 2008 are as follows:

	For the six months ended	
	2009	2008
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax:		
Current income tax charge:	**33,378**	35,212
Adjustment in respect of current tax of previous periods	**—**	—
Deferred income tax:		
Relating to the origination and reversal of temporary difference	**—**	(1,857)
Income tax expense reported in the income statement	**33,378**	33,355

5. Dividends

	For the six months ended	
	2009	2008
	Unaudited	Unaudited
	RMB'000	RMB'000
Dividend	**68,522**	40,606

The Board does not recommend any interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

5. Dividends (continued)

Pursuant to a resolution of an annual shareholders' meeting on 15 April 2009, the Company's shareholders approved the proposed final dividend for the year ended 31 December 2008 of RMB68,522,000 (RMB0.09 per share) in aggregate to the then shareholders.

Pursuant to a resolution of an annual shareholders' meeting on 28 April 2008, the Company's shareholders approved the proposed final dividend for the year ended 31 December 2007 of RMB40,606,000 (RMB0.08 per share) in aggregate to the then shareholders.

6. Earnings Per Share

The Company issued and allotted on 23 May 2008 bonus shares to each shareholder, whose name was recorded on the Company's register of members on 28 April 2008. Each of these shareholders were offered 5 new shares for every 10 shares held as a bonus issue from the share premium account. Hence, the adjusted total number of shares was applied in calculating the earnings per share for each reporting period.

The calculation of basic earnings per share is based on the net profit for the period attributable to the equity holders of the Company and the weighted average number of shares (including ordinary shares in the Company which are subscribed for by domestic shareholders (the "**Domestic shares**") and foreign invested overseas listed shares in the Company (the "**H shares**")) outstanding during the period. The weighted average number of shares for the six months ended 30 June 2009 is 761,355,000 (six months ended 30 June 2008: 761,355,000).

Diluted earnings per share amounts for the six months ended 30 June 2009 and 2008 have not been calculated as there were no diluting events during the two periods.

7. Trade and Notes Receivables

	At 30 June 2009 Unaudited RMB'000	At 31 December 2008 Audited RMB'000
Notes receivable from third parties	**7,755**	27,735
Trade receivables from overseas third parties	**28,816**	53,083
Trade receivables from domestic third parties	**45,627**	28,441
Impairment	**(359)**	(359)
	81,839	108,900

The balances of notes receivable are unsecured, interest-free and aged in less than six months.

The customers are usually required to make payment in advance before the Company delivers goods to them. However, the Company's trading terms with its overseas customers and certain major domestic customers are on credit. The credit period is generally 1 to 45 days. The Company enters into sales with overseas customers through irrevocable letters of credits. Each major domestic customer has a maximum credit limit. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are unsecured and interest-free.

7. Trade and Notes Receivables (continued)

An ageing analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	At 30 June 2009 Unaudited RMB'000	At 31 December 2008 Audited RMB'000
Outstanding balances with ages:		
Within one year	**74,118**	81,177
Between one and two years	**4**	7
Between two and three years	**76**	86
Over three years	**245**	254
	74,443	81,524

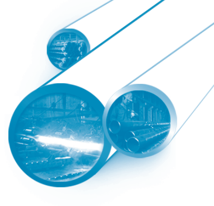
8. Trade and Notes Payables

	At 30 June 2009 Unaudited RMB'000	At 31 December 2008 Audited RMB'000
Notes payable to third parties	**663,103**	129,299
Trade payables to third parties	**47,520**	47,504
	710,623	176,803

All notes payable balances were unsecured, interest-free and were payable in six months.

All trade payable balances are unsecured, interest-free and are generally on a credit term of 30 days. An ageing analysis of the trade and notes payables on the balance sheet dates, based on the invoice/issuance date, is as follows:

	At 30 June 2009 Unaudited RMB'000	At 31 December 2008 Audited RMB'000
Outstanding balances with ages:		
Within one year	**708,476**	174,466
Between one and two years	**1,206**	1,305
Between two and three years	**327**	412
Over three years	**614**	620
	710,623	176,803



Financial Review

For the six months ended 30 June 2009, the Company recorded unaudited total revenue of approximately RMB943,170,000 (six months ended 30 June 2008: approximately RMB1,083,107,000). Compared to the corresponding period in the previous year, there is a decrease in the total revenue of approximately RMB139,937,000 or 12.9%. For the six months ended 30 June 2009, the Company recorded gross profit of approximately RMB162,530,000 (six months ended 30 June 2008: approximately RMB186,583,000). Compared to the corresponding period in the previous year, there is a decrease in the gross profit of approximately RMB24,053,000 or 12.9%. The Company's profit before taxation and net profit attributable to equity holders are at the similar level to those of the corresponding period in the previous year. The decrease in revenue and gross profit is mainly due to the impact of the global financial crisis, reduction in market demand, and the fall of product sales price attributable to the year-on-year decrease of raw material price.

Selling and distribution expenses of the Company amounted to approximately RMB42,037,000 for the six months ended 30 June 2009 (six months ended 30 June 2008: approximately RMB34,376,000). Compared to the corresponding period in the previous year, there is an increase in the selling and distribution expenses of approximately RMB7,661,000 or 22.3%. Such increase was due to the stable growth of the Company's sales leading to more freight costs being incurred.

For the six months ended 30 June 2009, the Company recorded administrative expenses of approximately RMB14,143,000 (six months ended 30 June 2008: approximately RMB18,743,000). Compared to the corresponding period in the previous year, there is a decrease in the administrative expenses of approximately RMB4,600,000 or 24.5%, mainly due to the enhancement on cost management and reduction on various expenses.

The Company's finance cost for the six months ended 30 June 2009 was approximately RMB1,873,000 (six months ended 30 June 2008: approximately RMB5,389,000). Compared to the corresponding period in the previous year, there is a decrease in the finance cost of approximately RMB3,516,000 or 65.2%. This was primarily attributable to the decrease in the Company's short-term bank borrowings, increase in long-term bank borrowings for project construction and capitalization of interest incurred from long-term borrowings.

Operations Review

Specialized pipe enterprises in the PRC encountered a serious challenge in the first half of 2009. Under the impact of the global financial crisis, overseas market demand reduced. The export volume of specialized pipe products in the PRC declined. On the other hand, due to the change in relationship between supply and demand in the domestic market and the impact of the substantial year on year decline in raw material prices, the prices of specialized pipe fell. Faced with a complex market environment, attributable to our focus on product mix and optimal adjustment on customer base and leveraging on our many years of operations experience in specialized pipe and good brand image, we implemented the product differentiation strategy and a series of measures for rationalization purposes, and seized the opportunity of rising demand in emerging markets. It was successful that total sales increased by nearly 20%, which continued to enhance our market share steadily.

Capitalising on the change in market and promptly adjusting product mix that resulted in continuous increase in output

During the period under review, due to macro-economic influence, the types of specialized pipes required by oil and natural gas mining and exploration industry and facility manufacturing industry has changed. The Company often has insight into the market's changing needs, develops new products, and optimizes the product composition to meet the ever-changing requirements of its customer. For the six months ended 30 June 2009, the Company produced about 167,470 tonnes (six months ended 30 June 2008: approximately 151,360 tonnes), increased by approximately 10.6% compared with the corresponding period in the previous year.

Strengthening the financial management, in particular the control of inventories and receivables, for effective aversion of operation risks

During the period under review, the Company continued to emphasize on consolidating the integrated application of the Enterprise Resources Planning (ERP) management system with a view to enhancing its management of the entire process on procurement, warehouse, and control over production, sales and finance work flow. We had strict control on inventory risk resulting from price fluctuations of raw materials and products as well as accounts receivable risk arising from changes in customer base composition and market conditions, and often maintained a sound and healthy financial position.

Notable growth from market exploration and stable increase in market share

During the period under review, the Company strengthened the co-operation with the four major oil exploration companies, and proactively explored other specialized pipe markets in the PRC. Benefited from the Company's reputable image in the industry, a broad customer base and the Company's product advantages in terms of cost and quality, the Company achieved domestic sales of approximately 138,690 tonnes in the first half of the year (six months ended 30 June 2008: approximately 96,094 tonnes), an increase of approximately 44.3% over the corresponding period in the previous year.

During the period under review, there was weak demand in overseas markets. The developed countries increasingly adopted trade protection policies. However, the Company adopted a series of measures and placed additional emphases to develop Southeast Asia, the Middle East, Africa, South America and other emerging markets, to achieve an effective breakthrough in the first half of overseas sales volume of about 48,640 tonnes (six months ended 30 June 2008: about 62,630 tonnes), down about 22.3%. During the period under review, the Company achieved sales of about 6,897 tonnes in the U.S. market, accounted for approximately 3.7% of the total sales volume whereas in the first half of export sales, overseas sales in emerging markets accounted for 57.9% of total exports volume.

During the period under review, in order to explore the emerging market and gradually improve technological support and the customer services network, the Company set up wholly-owned subsidiaries in Singapore and Hong Kong in January and February 2009 respectively.

Market orientation with customer centered research and development

The Company has focused on research and development investment. Whilst the research and development projects are mainly proprietary, they are also jointly conducted with research institutions in the industry. We constantly develop new products required by the market. During the period under review, the Company enhanced corrosion resistance performance of the oil well pipes by plastic coating on inside and outside the oil well pipes. The Company also developed independently new products such as seamless steel pipe for heat exchanger, U-type corrugated seamless steel pipes, painting device for steel pipe, end-groove pipe, a transmission pipe enhanced sealing threaded pipe and strengthened pipe with thread casing coupling, and has declared utility model patents to the State Intellectual Property Office.

The Company has always attached great importance to technological transformation of production equipment, improve processes and strengthen the monitoring of the performance of digital equipment in order to reduce production losses and improve production efficiency. During the period under review, the Company increases its investments for the upgrading and improvement of facilities for testing and achieved copyright certificates for monitoring software for facilities such as ring stove, piercing machine, rolling tube machine, walking beam furnace, hardening furnace. Good technological development capability and production experience lay the foundation for the assimilation and deployment of techniques and technologies for the high-grade oil well pipe production line in the Phase II of the 861 Action Plan under construction as quickly as possible.

Phase II of the 861 Action Plan — high-grade oil well pipe production line construction progress

During the period under review, the Company actively rolled out construction for 300,000 tonnes high-grade oil well pipe production line. The construction progress is in line with the expected timetable. During the period, the Company continued facility infrastructure and facility installation construction project. It is expected to conduct facility adjustment and trial in November 2009 and launch production in December 2009.

Progress of the Application for A Share Issue

Upon the approval granted to the Company by the Annual General Meeting and the various class meetings of shareholders on 28 April 2008 ("**A Share Issue Approval**"), the Company shall apply to the China Securities Regulatory Commission ("**CSRC**") for the initial public offering and listing of its A Shares. However, from the beginning of the reporting period to 28 April 2009, the date on which the A Share Issue Approval would lapse, CSRC did not approve any application for listing of A Shares submitted by any company intended to seek a listing. Therefore, as at the date of this report, the Company has not yet officially submitted the application for the issue of A Shares to CSRC. If there is any latest development in the issue and listing of A Shares on the Company, the Company shall execute the relevant procedures and timely disclose to the public according to the requirements of the Rules for the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**").

Liquidity and Financial Resources

The Company's working capital was generally financed by our internally generated cash flow and borrowings from banks.

As at 30 June 2009, the Company's cash and bank deposits amounted to approximately RMB407,767,000 (31 December 2008: approximately RMB247,114,000). As at 30 June 2009, the Company's interest-bearing loans and borrowings amounted to approximately RMB364,715,000 (31 December 2008: approximately RMB68,693,000). There is no particular seasonality of the Company's borrowings.

The Company's gearing ratio as at 30 June 2009 was approximately 14.4% (31 December 2008: approximately 3.9%), which is a percentage based on the interest-bearing loans and borrowings divided by total assets as at 30 June 2009.

Charges on assets

As at 30 June 2009, the Company's bank deposit amounted to RMB38,270,000 (31 December 2008: RMB34,070,000) were pledged against the irrevocable letter of credit drawn by bank.

Significant investments held

During the six months ended 30 June 2009, the Company did not have any significant investment.

Major acquisition and disposal

The Company did not make any major acquisition or disposal during the six months period ended 30 June 2009.

Contingent liabilities

As at 30 June 2009, the Company did not have any contingent liabilities.

Taxation policy

The Company's current effective income tax rate is 25%. During the period under review, pursuant to the provisions under the High-tech Enterprise Certification Measures and the High-tech Enterprise Certification Administrative Work Guidance jointly issued by China's State Science and Technology, Ministry of Finance, the State Administration of Taxation on 14 April 2008 and 8 July 2008 respectively, the Company proactively organized and applied for high-tech enterprise certification. During the period under review, we have completed the preparation of basic data, and will report to the relevant departments level by level for approval. If approved, the Company will enjoy a 15% preferential income tax rate.

According to the Provisional Regulations on Value Added Tax of the People's Republic of China promulgated by the Ministry of Finance and the State Administration of Taxation on 18 December 2008, since 1 January 2009, the Company and its subsidiaries will be included in category under the value-added tax reform, allowing us to offset the value-added tax in purchasing equipment.

Foreign exchange risk

Generally, when the Company sells its products to overseas customers, it is dealing in United States dollars or Euro. The Company's books are prepared in RMB whereas the receivables from overseas customers may be subject to foreign currency fluctuations. The Company usually sells all its non-functional currencies to banks immediately after receipt.

During the period under review, the Company applied forward foreign currency contracts to fix the foreign exchange rate in order to hedge against foreign exchange risk resulting from overseas sales transactions.

All cash and cash equivalents of the Company are denominated in RMB, Hong Kong dollars and United States dollars and bank deposits are placed with banks in the PRC and, to a smaller extent, with Chinese banks in Hong Kong to fund the Company's expenses in Hong Kong. Remittance of funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

Segmental Information

1. *Self-produced specialized pipes*

For the six months ended 30 June 2009, the sales volume of the Company's self-produced pipes was approximately 160,670 tonnes (six months ended 30 June 2008: approximately 133,216 tonnes), representing an increase of approximately 20.6% as compared with the corresponding period in the previous year.

2. *Sourcing and distribution of specialized pipes*

Apart from self-produced specialized seamless pipes to serve the Company's customers, the Company has also been providing a one-stop service to its customers by assisting its customers to source and distribute other specialized seamless pipes with different specifications and of kinds not yet manufactured by the Company so as to increase the customers' sourcing speed, reduce their costs of sourcing and provide them with all-round services.

For the six months ended 30 June 2009, the sales volume of the Company's sourcing and distribution of specialized pipes was approximately 26,660 tonnes (six months ended 30 June 2008: approximately 25,508 tonnes), representing an increase of approximately 4.5% as compared with the corresponding period in the previous year.

The Company provide all-in-one services catering for the market demand, and transfer through research and development to self-production for those types and specification of products demanded by customers but not yet produced by the Company. The Board believes that the prospects of the Company's sourcing and distribution business will remain vigorous in line with the trends and tides of the future economic development.

Human Resources

The Company believes that the quality of its employees is one of the most important factors for its development and growth and the enhancement of its profitability. As at 30 June 2009, the Company had 1,385 employees (as at 31 December 2008: 1,383 employees). The remuneration package for the Company's employees includes salaries, incentives and allowances. The Company also provides social security and benefits to its employees. Adequate provisions have been made in the accounts based on the provisions of the PRC government. The Company also participates in a mandatory provident fund scheme in respect of its employees in Hong Kong.

Post Balance Sheet Event

The Company did not have any significant event occurred from the balance sheet date of 30 June 2009 to the date of this report.

Prospects

Recalling the history of the past sixteen years, the Company is more convinced that focus on industry, market and our core competencies is the key to steady and rapid growth of the enterprise.

Different countries in the world formulated series of financial stimulus packages, which demonstrated positive effect showing that the recovery in the global economy had begun. In the second half of 2009, the PRC government will continue to promote stable and rapid economic development as the primary task of economic work. It will maintain the continuity and stability of macroeconomic policies, and stabilize the economy so that the momentum will pick up. We are confident to the recovery of global economy as well as the healthy and rapid development of the PRC economy.

Oil is the irreplaceable energy and basic raw materials in the next few decades. Oceans are the main source of future oil increments in the future. Over the next decade, with the continuous development of marine oil wells and deep wells and the relocation of world equipment manufacturing industry to the PRC, it is a great opportunity for the PRC specialized pipe sector, particularly for the Company's high-class oil well steel pipe project. The Company will maintain the Company's growth strategy to continue aiming at creating value for shareholders. We will focus on sales and production growth, and product mix and the adjustment and optimization to customer base, and maintain sound financial policies and low-cost advantage.

Specifically, we will focus on the work in the following areas:

Regarding research and development, we continue to strengthen research on the energy industry and the specified pipe for the equipment manufacturing industry, improve the ability to master advanced technology and equipment, maximize the efficiency of use of existing production equipment, so that we can fully utilized the capacity of our product line, improve product quality and reduce production costs. Secondly, we will continue to optimize the product structure. The Company will continue to be market-oriented, make full use of internal and external technical resources to continue development of high-grade steel, high strength, high resistance to collapsing and special thread American Petroleum Institute ("**API**") pipe products (endorsed by API) and as well as non API series high-grade oil well pipe products to meet the demand of marine oil field, polar oil field and other adverse geological environment such as high pressure, high corrosion and the oil and gas wells with complex content. At the same time, we will conduct research and development on the transmission pipeline tubes, boiler tubes, vessel pipes and high-end products for heavy equipment industry.

Regarding market development, while continuing to consolidate and deepen our cooperation with each of the sizable corporations like CNPC, Sinopec, CNOOC and Yanchang oil fields, the Company will strengthen the continuous development of emerging markets such as the Middle East, Southeast Asia, Africa and South America. We will optimize the customer base structure, and expand and optimize the high-end specialized pipe market in the existing regional markets.

For production capacity construction, we will grasp the opportunity arising from strong demand of marine oil wells, deep oil wells, harsh geological environment and the oil wells with complex oil and gas content for high grade steel oil well pipes on the one hand. We will focus our efforts on constructing the 300,000 tonnes of high-grade steel oil well pipe production line (Phase II of 861 Action Plan). We will train production technological staff and management team so that the production line will commence operation on schedule. We will gradually launch the 300,000 tonnes of heat treatment and 300,000 tonnes threading advanced-processing projects and strive to commence operation formally in July 2010. We will further enhance the grade and added-value of the Company's products so as to improve profitability.

Regarding one-stop services, the Company will continue to strengthen and enhance procurement and distribution capability and service level, provide customers with timely, economic, and customized service. At the same time, leveraging on our one-stop services, we pay close attention to market changes, market demand and market information on hot-selling products and high-margin products. We will guide the research, development and production and expand the market share, laying solid market foundation for future scale of production upgrade and optimization of the product mix.

Regarding capital structure, the Company will continue to seek more international and domestic financing, actively explore more closely cooperation with the upstream and downstream enterprises, grasp the opportunity in industry consolidation, actively seeking domestic and foreign strategic partners, and seize opportunity cooperation in industry restructuring.

To sum up, the Company believes that global oil demand for energy and mechanical equipment will not be affected by the financial crisis for the time being, and investment in the oil energy sector is a long-term investment. The management firmly believes that there is still a lot of room for growth in this industry and is very confident to the development of the Company. The Company is currently having a variety of financing methods and adequate funding to support the Company's business operations and future project development. Under healthy financial situation, we will grasp the expansion opportunities in low-cost period through the vertical integration to strengthen our production capacity and competitiveness. The Company will continue to leverage on our core competitive edge, and constantly develop and grow in the promising energy industry and equipment manufacturing industry. We strive to become an outstanding enterprises providing products and services for the energy industry and equipment manufacturing industry, creating a better return for shareholders and society.

Directors' and Supervisors' Interests in a Competing Business

For the six months ended 30 June 2009, the directors of the Company are not aware of any business or interest of the directors, the supervisors of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete (directly or indirectly) with the business of the Company and any other conflicts of interests which any such person has or may have with the Company.

Directors', Supervisors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2009, the interests of the directors, supervisors and chief executive of the Company in the shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, were as follows:

			Nature of interest and number of shares/amount of capital contribution (RMB)						
Name of Company	Name of Director or Supervisor	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total number of shares/Total amount of capital contribution	Percentage holding of shares/ Interest in registered capital of the relevant associated corporation	Approximate percentage of the total issued share capital of the Company
Company	Ye Shi Qu	Interest in controlled corporation *(Note 1)*	—	—	510,000,000 Domestic Shares	—	510,000,000 Domestic shares	—	67%
Company	Ye Shi Qu	Interest in controlled corporation *(Note 1)*	—	—	32,593,000 H shares	—	32,593,000 H shares	—	4.28%
Tianda Holding	Ye Shi Qu	Beneficial owner	RMB198,985,900	—	—	—	RMB198,985,900	85.14%	—
Anhui Tianda Investment Company Limited ("**Tianda Investment**")	Ye Shi Qu	Interest in controlled corporation (Note 2)	RMB50,000,000	—	—	—	RMB50,000,000	100%	—
Tiancheng Changyun International Company ("**Tiancheng Changyun**")	Ye Shi Qu	Interest in controlled corporation (Note 2)	—	—	HK$1	—	HK$1	100%	—
Anhui Tianda (Group) Co. Ltd. ("**Tianda Co**")	Ye Shi Qu	Interest in controlled corporation (Note 2)	—	—	RMB60,600,000	—	RMB60,600,000	100%	—
Tianda Holding	Zhang Hu Ming	Beneficial owner	RMB9,166,700	—	—	—	RMB9,166,700	3.92%	—
Tianda Holding	Xie Yong Yang	Beneficial owner	RMB2,363,200	—	—	—	RMB2,363,200	1.01%	—
Tianda Holding	Zhang Jian Huai	Beneficial owner	RMB35,000	—	—	—	RMB35,000	0.015%	—
Tianda Holding	Liu Jun Chang	Beneficial owner	RMB1,750,000	—	—	—	RMB1,750,000	0.75%	—
Tianda Holding	Yong Jin Gui	Beneficial owner	RMB2,577,800	—	—	—	RMB2,577,800	1.10%	—

Notes:

1. Pursuant to the SFO, as Ye Shi Qu holds 85.14% of the equity interest in Tianda Holding and as Tianda Investment, Tianda Co and Tiancheng Changyun are directly or indirectly wholly-owned subsidiaries of Tianda Holding, Ye Shi Qu is deemed to be interested in all of the 408,000,000 Domestic shares held by Tianda Holding, 102,000,000 Domestic shares held by Tianda Investment and 32,593,000 H shares held by Tiancheng Changyun.

2. Pursuant to the SFO, as Ye Shi Qu holds 85.14% of the equity interest in Tianda Holding and as Tianda Investment, Tianda Co and Tiancheng Changyun are directly or indirectly wholly-owned subsidiaries of Tianda Holding, Ye Shi Qu is deemed to be interested in 100% of the registered capital of Tianda Holding, Tianda Investment, Tianda Co and Tiancheng Changyun.

Other than as disclosed above, none of the directors, the supervisors and chief executives of the Company nor their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO as at 30 June 2009.

Directors', Supervisors' and Chief Executives' Rights to Acquire Shares or Debentures

So far as is known to the directors, supervisors and chief executives of the Company, as at 30 June 2009, none of the directors, supervisors or chief executives of the Company or any of their spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or to acquire H shares of the Company.

Substantial Shareholders

So far as the directors, the supervisor or chief executive of the Company are aware, as at 30 June 2009, the following persons had an interest or short position in the shares and underlying shares of the Company which were recorded pursuant to section 336 of the SFO in the register referred to therein:

Name	Capacity	Class of shares	Number of shares	% of total number of the relevant class of shares	% of total number of issued shares
Tianda Holding	Beneficial owner	Domestic shares	408,000,000 (L)	80%	53.6%
	Interests in controlled corporation *(Note 2)*	Domestic shares	102,000,000 (L)	20%	13.4%
	Interests in controlled corporation *(Note 2)*	H shares	32,593,000 (L)	12.97%	4.3%
Tianda Investment	Beneficial owner	Domestic shares	102,000,000 (L)	20%	13.4%

Name	Capacity	Class of shares	Number of shares	% of total number of the relevant class of shares	% of total number of issued shares
Tianda Co	Interests in controlled corporation *(Note 2)*	H shares	32,593,000 (L)	12.97%	4.3%
Ye Shi Qu *(Note 2)*	Interests in controlled corporation *(Note 2)*	Domestic shares	510,000,000 (L)	100%	67.0%
	Interests in controlled corporation *(Note 2)*	H shares	29,917,000 (L)	11.9%	3.9%
Deutsche Bank Aktiengesellschaft	Person having security interest in shares and beneficial owner	H shares H shares	40,461,000 (L) 1,001 (L)	16.10% 0.00%	5.3% 0.00%

Note 1: "L" refers to the long position in the shares in the Company held by such person/entity.

Note 2: Pursuant to the SFO, as Ye Shi Qu holds 85.14% of the equity interest in Tianda Holding, and as Tianda Investment Tianda Co. and Tiancheng Changyun are directly or indirectly wholly-owned subsidiaries of Tianda Holding, Ye Shi Qu is deemed to be interested in all of the 408,000,000 Domestic shares held by Tianda Holding, 102,000,000 Domestic shares held by Tianda Investment and 32,593,000 H shares held by Tiancheng Changyun.

Purchase, Sale or Redemption of Securities

The Company has not purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2009.

Corporate Governance

Throughout the period under review, the Company has complied with the code of provisions in the Code on Corporate Governance Practices (the "**Corporate Governance Code**") as set out in Appendix 14 of the Listing Rules. The Board and the senior management of the Company have appraised themselves of the requirements of the Corporate Governance Code and reviewed the practices of the Company to ensure compliance.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted the rules set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors of the Company (the "**Code**"). All directors of the Company have complied with the required standard as set out in the Code during the period under review.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the unaudited financial statements for the six months ended 30 June 2009. The Audit Committee currently comprises two independent non-executive directors, Mr. Zhao Bin and Mr. Wu Chang Qi and one executive director Mr. Zhang Jian Huai. Mr. Zhao Bin is the chairman of the Audit Committee.

By order of the Board
安徽天大石油管材股份有限公司
Anhui Tianda Oil Pipe Company Limited
Ye Shi Qu
Chairman

Anhui, the PRC, 15 September 2009

As at the date of this report, the Board comprises three executive directors: Mr. Ye Shi Qu, Mr. Zhang Hu Ming and Mr. Zhang Jian Huai; two non-executive directors: Mr. Xie Yong Yang and Mr. Liu Peng; and three independent non-executive directors: Mr. Wu Chang Qi, Mr. Zhao Bin and Mr. Au Kwok Yee Benjamin.