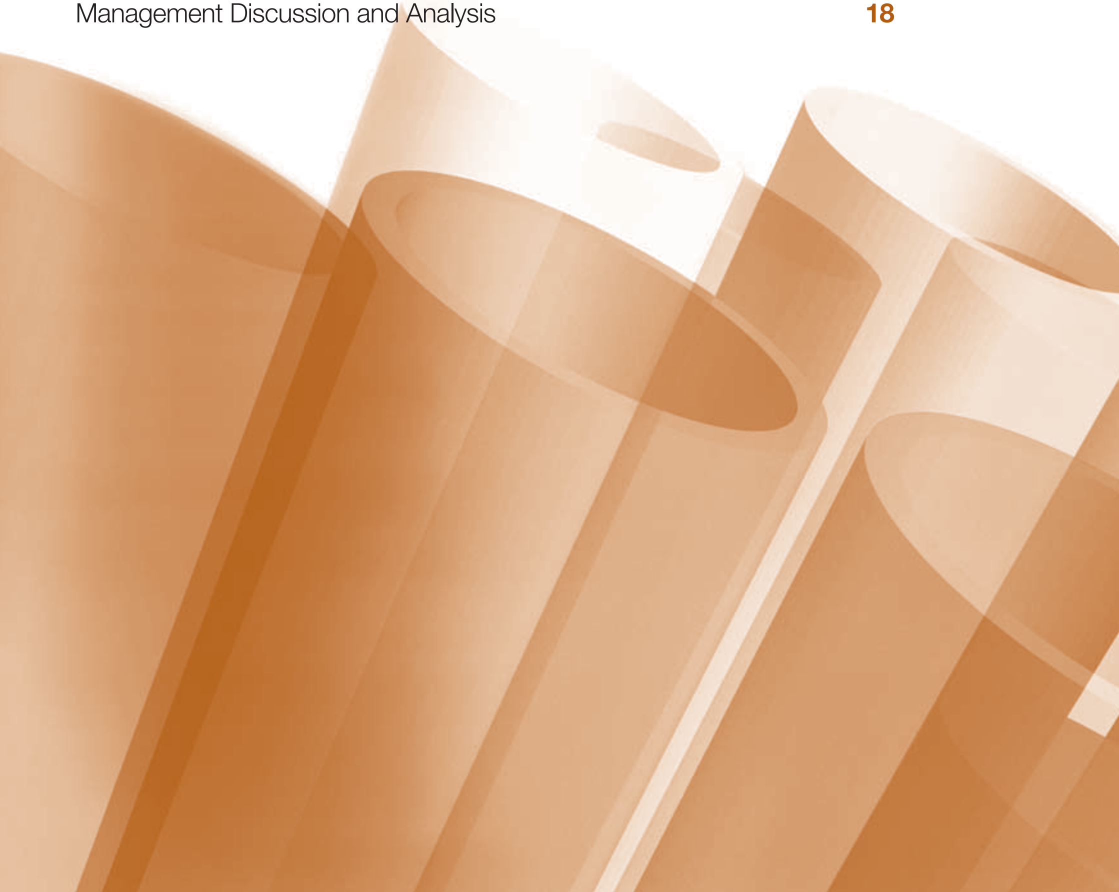
Anhui Tianda Oil Pipe Company Limited
安徽天大石油管材股份有限公司

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

Interim Report 2010

Contents



UNAUDITED KEY OPERATIONAL DATA

	For the six months ended 30 June		
Key operational indicators	2010 (tonnes)	2009 (tonnes)	Changes (%)
Volume of self-produced products sold	261,670	160,670	62.9%
Volume of sourcing & distribution products sold	14,590	26,660	-45.3%
Total sales volume	**276,260**	**187,330**	**47.5%**
Comprising: Export sales	106,513	48,640	119.0%
Total production volume	**290,200**	**167,470**	**73.3%**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The board of directors (the "**Board**") of Anhui Tianda Oil Pipe Company Limited (the "**Group**") is pleased to present its unaudited results for the six months ended 30 June 2010 together with unaudited comparative figures for the six months ended 30 June 2009 as follow:

	Notes	**For the six months ended 30 June 2010 (Unaudited) RMB'000**	2009 (Unaudited) RMB'000
Revenue	2	**1,433,550**	943,170
Cost of sales		**(1,273,616)**	(780,640)
Gross profit		**159,934**	162,530
Other income and revenue		**25,953**	32,049
Selling and distribution costs		**(37,938)**	(42,037)
Administrative expenses		**(43,613)**	(14,143)
Other expenses		**(1,409)**	(1,128)
Finance costs		**(11,974)**	(1,873)
Profit before tax	3	**90,953**	135,398
Taxation	4	**(13,643)**	(33,378)
Profit for the period		**77,310**	102,020
Dividends	5	**40,581**	68,522
Other comprehensive income			
Other comprehensive income for the period, net of tax		**–**	–
Total comprehensive income for the period, net of tax		**77,310**	102,020
Earnings attributable to the owners of the Company		**77,310**	102,020
Total comprehensive income attributable to the holders of the parent company		**77,310**	102,020
Earnings per share attributable to ordinary equity holders of the parent company			
Basic, earnings for the period *(RMB)*	6	**0.095**	0.134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2010 (Unaudited) RMB'000**	As at 31 December 2009 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,445,371**	1,247,469
Prepaid land premiums		**28,297**	28,623
Deferred tax assets		**431**	431
		1,474,099	1,276,523
Current assets			
Inventories		**613,603**	368,661
Trade and notes receivables	7	**360,570**	187,946
Prepayments, deposits and other receivables	8	**719,247**	1,201,286
Cash and bank balances		**203,927**	384,217
		1,897,347	2,142,110
Current liabilities			
Interest-bearing loans and borrowings		**40,241**	21,522
Trade and notes payables	9	**763,676**	1,064,588
Income tax payable		**13,643**	34,995
Accruals and other payables		**302,530**	110,006
Total current liabilities		**1,120,090**	1,231,111
NET CURRENT ASSETS		**777,257**	910,999
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,251,356**	2,187,522
Non-current liabilities			
Interest-bearing loans and borrowings		**653,319**	626,214
NET ASSETS		**1,598,037**	1,561,308
EQUITY			
Issued capital		**405,813**	405,813
Reserves		**1,192,224**	1,114,914
Proposed final dividend		**–**	40,581
TOTAL EQUITY		**1,598,037**	1,561,308

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	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 2010	**405,813**	**447,309**	**84,269**	**–**	**583,336**	**40,581**	**1,561,308**
Earnings for the period	**–**	**–**	**–**	**–**	**77,310**	**–**	**77,310**
Final 2009 dividend declared *(Note 5)*	**–**	**–**	**–**	**–**	**–**	**(40,581)**	**(40,581)**
At 30 June 2010	**405,813**	**447,309**	**84,269**	**–**	**660,646**	**–**	**1,598,037**
(Unaudited)							
At 1 January 2009	380,678	299,652	64,300	–	444,197	68,522	1,257,349
Earnings for the period	–	–	–	–	102,020	–	102,020
Final 2008 dividend declared *(Note 5)*	–	–	–	–	–	(68,522)	(68,522)
30 June 2009	380,678	299,652	64,300	–	546,217	–	1,290,847

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash flow from/(used in) operating activities	**(109,337)**	150,875
Net cash flow from/(used in) investing activities	**(114,477)**	(222,435)
Net cash flow from/(used in) financing activities	**45,824**	232,213
Net increase/(decrease) in cash and cash equivalents	**(177,990)**	160,653
Cash and cash equivalents at beginning	**381,917**	247,114
Cash and cash equivalents at end	**203,927**	407,767

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 Group 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 Group 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 Group.

Changes in accounting policies and disclosures

Impact of new and amended international financial reporting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") as of 1 January 2010, noted below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

1. Basis of Preparation (continued)

Changes in accounting policies and disclosures (continued)

Impact of new and amended international financial reporting standards (continued)

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring for annual periods beginning on or after 1 July 2009. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position nor performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

1. Basis of Preparation (continued)

Changes in accounting policies and disclosures (continued)

Impact of new and amended international financial reporting standards (continued)

Improvements to IFRSs (issued May 2008)

In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective for the Group as from 31 December 2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs (issued April 2009)

In April 2009 the Board issued its second omnibus of amendments to its standards, 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 Group.

IFRS 8 Operating Segment Information: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The adoption of this amendment had no impact on the Group's operating segment disclosure.

IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in future upon cash settlement.

IAS 36 Impairment of Assets: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

1. Basis of Preparation (continued)

Changes in accounting policies and disclosures (continued)

Impact of new and amended international financial reporting standards (continued)

Improvements to IFRSs (issued April 2009) (continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 2 *Share-based Payment*
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
IAS 1 *Presentation of Financial Statements*
IAS 17 *Leases*
IAS 38 *Intangible Assets*
IAS 39 *Financial Instruments: Recognition and Measurement*
IFRIC 9 *Reassessment of Embedded Derivatives*
IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

Issued but not yet effective international financial reporting standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these Interim condensed consolidated financial statements.

IFRS 1 Amendment	*Limited Exemption from Comparatives HKFRS 7 Disclosures for First-time Adopters*[2]
IFRS 9	*Financial Instruments*[4]
IAS 24 (Revised)	*Related Party Disclosures*[3]
IAS 32 Amendment	*Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues*[1]
IFRIC 14 Amendments	*Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement*[3]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]
Improvements to IFRSs	*Amendments to a number of IFRSs* (Issued May 2010)

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group'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.

	The Group and the Company	
	For the six months ended	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of goods	**1,437,561**	943,631
Less: Government surcharges	**(4,011)**	(461)
Revenue	**1,433,550**	943,170

3. Profit Before Tax

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

	The Group and the Company	
	For the six months ended	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of sales	**1,273,616**	780,640
Depreciation	**43,423**	21,297
Amortisation of prepaid land premiums	**327**	327
Research costs	**28,898**	3,771
Auditors' remuneration	**–**	–
Staff costs (including directors' and supervisors' remuneration):		
– Salaries and other staff costs	**25,086**	15,606
– Retirement benefit contributions	**4,146**	2,306

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 2010 (six months ended 30 June 2009: Nil).

The applicable income tax rate of the Group for the first half of 2010 is 15% (the first half of 2009: 25%) according to the New Corporate Income Tax Law.

The major components of income tax expense for the six months ended 30 June 2010 and 2009 are as follows:

	The Group and the Company For the six months ended	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax:		
Current income tax charge:	**13,643**	33,378
Deferred income tax:		
Relating to the origination and reversal of temporary difference	**–**	–
Income tax expense reported in the income statement	**13,643**	33,378

5. Dividends

	For the six months ended	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividend	**40,581**	68,522

The Board does not recommend any interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

Pursuant to a resolution of an annual shareholders' meeting on 1 June 2010, the Group's shareholders approved the proposed final dividend for the year ended 31 December 2009 of RMB40,581,000 (RMB0.05 per share) in aggregate to the then shareholders.

Pursuant to a resolution of an annual shareholders' meeting on 15 April 2009, the Group'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.

6. Earnings Per Share

The calculation of basic earnings per share is based on the profit for the year attributable to the ordinary equity holders of the parent, and the weighted average number of shares (including Domestic Shares and H Shares) of 811,626,000 in issue during the year (for the six months ended 30 June 2009: 761,355,000).

Diluted earnings per share amounts for the six months ended 30 June 2010 and 2009 have not been calculated as there were no diluting events during the two periods.

7. Trade and Notes Receivables

	The Group and the Company	
	As at 30 June 2010 (Unaudited) RMB'000	As at 31 December 2009 (Audited) RMB'000
Notes receivable from third parties	**165,615**	32,183
Trade receivables from overseas third parties	**78,169**	112,651
Trade receivables from domestic third parties	**117,145**	43,471
Impairment	**(359)**	(359)
	360,570	187,946

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 Group delivers goods to them. However, the Group's trading terms with its overseas customers and certain major domestic customers are on credit. The credit period is generally 1 to 45 days, with particular strategic customers enjoying a credit period of up to 100 days. The Group enters into sales with overseas customers through irrevocable letters of credits. Each major domestic customer has a maximum credit limit. The Group 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 Group'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:

	The Group and the Company	
	At 30 June 2010 (Unaudited) RMB'000	At 31 December 2009 (Audited) RMB'000
Outstanding balances with ages:		
Within one year	**194,916**	155,772
Between one and two years	**4**	8
Between two and three years	**41**	6
Over three years	**353**	336
	195,314	156,122

8. Prepayments, Deposits and Other Receivables

	The Group	
	As at 30 June 2010 (Unaudited) RMB'000	As at 31 December 2009 (Audited) RMB'000
Prepayments	**209,134**	494,682
Deposits and other receivables	**510,113**	703,655
Bank interest receivable	**–**	2,949
	719,247	1,201,286

8. Prepayments, Deposits and Other Receivables (continued)

As at 30 June 2010, the Group did not write off any unrecoverable prepayments and other receivables (31 December 2009: Nil).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Included in the Group's and the Company's deposits and other receivables were (i) the time deposits of RMB363,282,000 (31 December 2009: RMB622,276,000) pledged to the banks to secure the bank accepted drafts, the letters of credit as well as the bank loans; and (ii) the net input value-added tax of RMB127,818,000 (31 December 2009: RMB70,014,000) arising from the purchase of property, plant and equipment after deducting the output VAT for domestic sales.

9. Trade and Notes Payables

	The Group and the Company	
	At 30 June 2010 (Unaudited) RMB'000	At 31 December 2009 (Audited) RMB'000
Notes payable to third parties	**642,257**	1,006,566
Trade payables to third parties	**121,419**	58,022
	763,676	1,064,588

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

9. Trade and Notes Payables (continued)

Amounts payable to Tianda Holding and other payables related to the Group were unsecured, interest-free with no fixed terms of repayment. All other 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:

	The Group and the Company	
	At 30 June 2010 (Unaudited) RMB'000	At 31 December 2009 (Audited) RMB'000
Outstanding balances with ages:		
Within one year	**760,141**	1,060,703
Between one and two years	**2,031**	2,282
Between two and three years	**462**	571
Over three years	**1,042**	1,032
	763,676	1,064,588

Financial Review

For the six months ended 30 June 2010, the Group recorded unaudited total revenue of about RMB1,433,550,000 (for the six months ended 30 June 2009: approximately RMB943,170,000), representing an increase of approximately RMB490,380,000 or 52.0% over the same period of the previous year. The increase was mainly attributable to the growth in sales volume following the completion and commission of the Group's 300,000 tonnes high-grade oil well steel pipe project.

Gross profit for the six months ended 30 June 2010 was about RMB159,934,000 (six months ended 30 June 2009: approximately RMB162,530,000). Gross profit dropped by RMB2,596,000 or 1.6% when compared with the corresponding period of last year. The decrease was principally due to higher average production cost per tonne as a result of the newly commissioned production line in operating not yet release its full capacity, and the increasingly competitive market environment intensified by the lagging effects imposed on the real economy by the financial crisis.

The Group's sales and distribution costs for the six months ended 30 June 2010 amounted to about RMB37,938,000 (six months ended 30 June 2009: approximately RMB42,037,000). The operating and sales cost reduced by about RMB4,099,000 or 9.8% when compared with the figure of the same period of last year. The decrease was mainly due to the strengthening of the management of the Group and reduction in various expenses.

During the six months ended 30 June 2010, the administrative expenses of the Group was approximately RMB43,613,000 (six months ended 30 June 2009: about RMB14,143,000). Administrative expenses rose by about RMB29,470,000 or 208.4% over the same period of the previous year. The increase was mainly due to greater research and development efforts made by the Group.

For the six months ended 30 June 2010, the Group's finance cost was approximately RMB11,974,000 (six months ended 30 June 2009: about RMB1,873,000), representing an increase of RMB10,101,000 or 539.3% over the same period of last year. This was mainly because most of the Company's bank borrowings were project long-term borrowings. The interest incurred on the project long-term borrowings has been capitalized during the same period of last year, whereas the accrued interest was no longer capitalized as the project has been put into operation during the period.

Operations Review

Hampered by the anti-dumping action in Europe and the United States coupled with the lagged effects of the financial crisis on the real economy in the first half of 2010, the specialized tube enterprises were exposed to tougher operating environment. Industry-leading companies continued to consolidate and expand their market share by taking advantage of their strengths in horizons including technology, brand, superior quality and management, and were blessed with a good opportunity for industry consolidation and low-cost expansion. To weather the complex market environment, the Group has kept itself ahead of the market situation by promptly reacting to the prevailing changes. On the one hand, the production and sales volume were boosted steadily through effective operating initiatives. On the other hand, we actively captured the opportunities arising from the industry consolidation to explore cooperation in restructuring. Though there was a year-on-year setback in the Group's realized net profit for the first half of the year, both the production and operation were in good condition. In accordance with our defined business strategy, we continued to optimize the product mix and customer portfolio, while uplifting our market position and comprehensive competitiveness.

Record-breaking growth in the Group's sales volume as driven by the stable operation of the high-grade oil well pipe production line

The construction of the Group's 300,000 tonnes high-grade steel oil pipe project was completed on 3 January 2010. The production capacity basically reached the expected level.

For the six months ended 30 June 2010, the Group's total sales grew by approximately 47.5% over the same period of last year to 276,260 tonnes. In particular, an export sales of 106,513 tonnes was realized, representing a surge of about 119.0% over the corresponding period of the previous year.

Achieving energy conservation and emission reduction by strengthening technical transformation and energy consumption management

It is a longstanding tradition for us to place an important focus on reinforcing production cost management with a view to saving and reducing energy consumption. Through constant technological innovation of the production line, we are well positioned to improve operating efficiency and save energy consumption. During the period under review, the Group set up an energy management working group to formulate an energy quota management system and to determine the energy efficiency goals. Through the implementation of the energy conservation measures, the energy consumption per tonne of product decreased significantly.

Improving the presence of the Group by making greater marketing efforts

The Group participated in the 2010 German Wire/Tube Exhibition held at the International Exhibition Centre in Dusseldorf, Germany in April 2010. In May 2010, we also took part in the sixth Shanghai International Steel Pipe Industry Exhibition held at the Shanghai International Exhibition Center. The exhibition showed the new products developed by the Group. The quality and cost-effectiveness of the Group's products received a widespread recognition from the customers. Building on our extensive customer reach and corporate promotion, the Group's brand influence was further enhanced.

Carrying out research and development on a market-oriented, customer-focused basis

The Group stayed ahead of the changing customer demand by incessantly developing new products that meet the market demand. During the period under review, the Group continued to extend research and development efforts on high-grade steel products and corrosion-resistant oil well pipe products that are suitable for exploitation under adverse geological environment, while conducting the research and development of X46, X60, X65 high-grade line pipes as well as ultra-fine grain axle pipe material, so as to enrich our product offerings. In connection with "an ultra-fine grain axle pipe material and its processing methods", an application for patent was made to the State Intellectual Property Office.

Progress of the 300,000 tonnes heat treatment and the 300,000 tonnes threading advanced-processing project

The 300,000 tonnes threading processing project, which was complementary to the 300,000 tonnes high-grade steel oil well pipe project, was completed at the end of June 2010. The 300,000 tonnes heat treatment project is expected to be completed by the end of the year. The 300,000 tonnes threading advanced-processing project and the 300,000 tonnes heat treatment project are anticipated to be gradually commissioned within the next three years in order to ease the current burden of inadequate advanced-processing capacity of the Group.

Liquidity and Financial Resources

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

As at 30 June 2010, the Group's cash and bank deposits amounted to approximately RMB203,927,000 (31 December 2009: approximately RMB384,217,000). As at 30 June 2010, the Group's interest bearing loans and borrowings amounted to approximately RMB693,560,000 (31 December 2009: approximately RMB647,736,000). There is no particular seasonality of the Group's borrowings.

The Group's gearing ratio as at 30 June 2010 was approximately 20.6% (31 December 2009: approximately 18.9%), which is a percentage based on the interest-bearing loans and borrowings divided by total assets as at 30 June 2010.

Charges on assets

Except as detailed in note 8, as at 30 June 2010, there is no other property, plant and equipment as well as bank deposits pledged to obtain bank financing.

Significant investments held

During the six months ended 30 June 2010, the Group did not have any significant investment.

Major acquisition and disposal

The Group did not make any major acquisition or disposal during the six months ended 30 June 2010.

Contingent liabilities

As at 30 June 2010, the Group did not have any major contingent liabilities.

Foreign exchange risk

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

During the period under review, the Group 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 Group 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 Group'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 2010, the sales volume of the Group's self-produced specialized pipes was approximately 261,670 tonnes (six months ended 30 June 2009: approximately 160,670 tonnes), representing an increase of approximately 62.9% 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 Group's customers, the Group has also been providing one-stop services 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 Group so as to increase the customers' sourcing speed, reduce their costs of sourcing and provide them with a full range of comprehensive services.

For the six months ended 30 June 2010, the sales volume of the Group's sourcing and distribution of specialized pipes was approximately 14,590 tonnes (six months ended 30 June 2009: approximately 26,660 tonnes). When compared to the same period of last year, the sales volume of those products diminished by approximately 45.3%. Despite the ever changing industry and market conditions, the Group's sourcing and distribution business of specialized seamless pipes remained vivacious during the period. We took great leaps in timely transferring product specifications demanded by customers but not yet produced by the Group to self-production through research and development.

Human Resources

The Group 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 2010, the Group had 1,857 employees (as at 31 December 2009: 1,658 employees). The remuneration package for the Group's employees includes salaries, incentives and allowances. The Group 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 Group also participates in a mandatory provident fund scheme in respect of its employees in Hong Kong.

Post Balance Sheet Event

The Group did not have any significant event from the balance sheet date of 30 June 2010 to the date of this report.

Prospects

Looking ahead towards the second half of the year, the burgeoning economic recovery will invigorate the specialized pipe market to a burst of certain improvement. Demand from the global markets, particularly the emerging economies such as PRC, restored growth vitality. However, amidst European anti-dumping action and over-capacity of low-end products in the PRC, the industry will become increasingly competitive. In addition, given the direction of the PRC government's macro regulation and control policy, the economic recovery prospects of European and the United States economies, and the adjustment in prices of raw materials including steel billets, the market is set to see more fluctuations. To carve a niche in the severe market environment, the Group will strive to lead itself ahead of the market developments, adhere to prudent operation, implement strict cost control and exercise proper risk control. At the same time, we will vigorously grasp market opportunities, and march towards sustainable business growth through the following strategies:

1. With the absorption of advanced technology and the understanding of technical equipment performance, we will operate the 300,000 tonnes high-grade steel oil well pipe production line project to its production capacity as soon as possible to expand the Company's operating scale and reduce unit cost of production. Meanwhile, with a market-oriented basis, we will make full use of internal and external technical resources to foster the research and development of high strength, high collapsing resistant and special threaded API series produced by the production line of the high-grade steel oil well pipe project and non-API series of high-grade oil well pipe products, hence to cater for the exploitation needs of marine oil field, polar oil field and other harsh geological environment such as high pressure and high corrosion as well as oil and gas wells with complexity of gas content.

2. Through the operation of oil well pipe heat treatment and threading deep processing production lines, and incessant research and development of transmission pipeline tubes, boiler tubes, vessel pipes and high-end products for heavy equipment industry, the Group's products portfolio and customer base structures were continuously adjusted. Continued endeavours will be made to fortify and deepen our cooperation with CNPC, Sinopec, CNOOC and Yanchang oil fields, and to step up the expansion into the emerging markets such as the Middle East, Southeast Asia, Africa and South America. Armed with one-stop services and by keeping abreast of the market demand, the service level was upgraded.

3. We will capture the opportunities arising from the industry consolidation, and actively tap into cooperation in industry restructuring with established strategic partners. Through the introduction of intellectual property rights of advanced products and customer resources of high-end markets, the comprehensive competitive edges and industry leadership of the Company will be enhanced.

In summary, we are confident about the outlook of the industry, and are highly positive to the future development of the Group. We have a variety of financing and an adequate pool of funds to support the Group's business operation and future project development. Leveraging on strong financial stability, we will seize low-cost expansion opportunities. By combining superior resources and forming powerful alliance, we seek to improve the capacity, profitability and competitive strength of the Group's specialized pipe business, in order to generate better returns to shareholders and repay the community.

Directors' and Supervisors' Interests in a Competing Business

For the six months ended 30 June 2010, the directors of the Group are not aware of any business or interest of the directors, the supervisors of the Group and their respective associates (as defined under the Listing Rules) that compete or may compete (directly or indirectly) with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

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

As at 30 June 2010, 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
Group	Ye Shi Qu	Interest in controlled corporation (Note 1)	–	–	510,000,000 Domestic Shares	–	510,000,000 Domestic shares	–	62.84%
Group	Ye Shi Qu	Interest in controlled corporation (Note 1)	–	–	20,000,000 H shares	–	20,000,000 H shares	–	2.46%
Tianda Holding	Ye Shi Qu	Benefi cial owner	RMB198,985,900	–	–	–	RMB 198,985,900	85.14%	–
Anhui Tianda Investment Company Limited ("Tianda Investment")	Ye Shi Qu	Interest in controlled corporation (Note 2)	RMB50,000,000	–	–	–	RMB 50,000,000	100%	–
Tiancheng Changyun International Company ("Tiancheng Changyun")	Ye Shi Qu	Interest in controlled corporation (Note 2)	HK$46,681,980	–	–	–	HK$46,681,980	100%	–
Tianda Holding	Zhang Hu Ming	Beneficial owner	RMB9,166,700	–	–	–	RMB9,166,700	3.92%	–
Tianda Holding	Zhang Jian Huai	Beneficial owner	RMB157,500	–	–	–	RMB157,500	0.07%	–
Tianda Holding	Xie Yong Yang	Beneficial owner	RMB2,363,200	–	–	–	RMB2,363,200	1.01%	–
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 20,000,000 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 2010.

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 2010, 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 2010, 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%	50.27%
	Interests in controlled corporation (Note 2)	Domestic shares	102,000,000 (L)	20%	12.57%
	Interests in controlled corporation (Note 2)	H shares	20,000,000 (L)	6.63%	2.46%
Tianda Investment	Beneficial owner	Domestic shares	102,000,000 (L)	20%	12.57%
Ye Shi Qu (Note 2)	Interests in controlled corporation (Note 2)	Domestic shares	510,000,000 (L)	100%	62.84%
	Interests in controlled corporation (Note 2)	H shares	20,000,000 (L)	6.63%	2.46%
Templeton Asset Management Ltd.	Investment Manager	H shares	42,515,000 (L)	14.1%	5.24%
Hillhouse Capital Management,Ltd.	Investment Manager	H shares	40,061,000 (L)	13.28%	4.94%
Deutsche Bank Aktiengesellschaft	Person having security interest in shares	H shares	20,488,000 (L)	6.79%	2.52%
	Beneficial owner	H shares	20,863 (L)	0.00%	0.00%
	Beneficial owner	H shares	20,000 (S)	0.00%	0.00%
JPMorgan Chase & Co.	Custodian – Corporation	H shares	15,362,000 (L)	5.09%	1.89%

Note 1: "L" refers to the long position in the shares in the Company held by such person/entity. "S" refers to the short 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 20,000,000 H shares held by Tiancheng Changyun.

Purchase, Sale or Redemption of Securities

The Group has not purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2010.

Corporate Governance

Throughout the period under review, the Group 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 Group have appraised themselves of the requirements of the Corporate Governance Code and reviewed the practices of the Group to ensure compliance.

Code of Conduct Regarding Securities Transactions by Directors

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

Audit Committee

The audit committee of the Group (the "**Audit Committee**") has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the unaudited financial statements for the six months ended 30 June 2010. 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, 26 August 2010

As at the date of this announcement, 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.