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# **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: 8241)**

## **ANNOUNCEMENT**

The Company hereby announces that it will proceed with the “Eleventh Five Year Plan” technological upgrade of oil well pipes project (“十一五”石油油井管技術改造專項) previously referred to in the Prospectus as phase II of the “861 Action Plan”.

Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus dated 27 November 2006 (the “Prospectus”).

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

### **The latest progress of the Company’s phase II of the 861 Action Plan**

A meeting of the Board was held today. At such meeting, it was reported that the relevant governmental approval for the “Eleventh Five Year Plan” technological upgrade of oil well pipes project (“十一五”石油油井管技術改造專項), previously referred to in the Prospectus as phase II of the “861 Action Plan”, has been obtained and that the Company resolved at such Board meeting that the Company would proceed with such project.

As disclosed in the Prospectus, the “861 Action Plan” is an action plan formulated by the government of Anhui Province, China to encourage certain investments. The Company’s “Eleventh Five Year Plan” technological upgrade of oil well pipes project (that is, phase II of the 861 Action Plan as disclosed in the Prospectus) has been designated as part of the 861 Action Plan and involves an increase in the Company’s annual production capacity by 300,000 tonnes of high grade oil well pipes, thereby representing an

increase of 100%, in tonnes, of the Company's existing production capacity in 2006. The investment is expected to take place over the three financial years ending 31 December 2009 and the expected cost of investment to be incurred is estimated to be approximately RMB790 million as follows:–

<b>Scope of work</b>	<b>Approximate budget (RMB)</b>
Factory construction	70 million
Production line and equipment	520 million
General working capital	200 million

The Company expects to fund such project through a combination of internal cash resources, bank financing and equity financing. However, specific funding sources will only be determined as and when the need arises. As a result of the exercise of the Over-Allotment Option and taking into account the issue price of the shares of the Company at time of its listing in December 2006, approximately HK\$186.5 million of the proceeds from the Company's listing has been earmarked for this project.

Please refer to pages 131 to 134 of the Prospectus for further details regarding the above.

By order of the Board of  
**Anhui Tianda Oil Pipe Company Limited**  
**Ye Shi Qu**  
*Chairman*

Hong Kong, 16 January 2007

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

*Executive Directors:*

Ye Shi Qu  
Zhang Hu Ming  
Xie Yong Yang

*Non-executive Directors:*

Zhang Jian Huai  
Liu Peng

*Independent Non-executive Directors:*

Wu Chang Qi  
Wang Xiu Zhi  
Zhao Bin

*As the exchange rate for RMB to HK\$ is approximately at parity at the date of this announcement, investors can take the RMB figures above to represent approximately the same amounts in HK\$.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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