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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)

QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2007

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This announcement, for which the directors (the “Directors”) of Anhui Tianda Oil Pipe Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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

The board of directors (the “Board”) of Anhui Tianda Oil Pipe Company Limited is pleased to present its unaudited results for the three months ended 31 March 2007 together with the comparative unaudited figures for 2006.

UNAUDITED RESULTS

Income Statement

		For the three months ended 31 March	
		2007	2006
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	RMB'000	RMB'000
Revenue	2	321,295	247,280
Cost of sales		<u>(256,041)</u>	<u>(200,137)</u>
Gross profit		65,254	47,143
Other income		890	11
Selling and distribution costs		(14,033)	(7,057)
Administration expenses		(4,961)	(4,764)
Other expenses	3	<u>(7,614)</u>	<u>(142)</u>
Operating profit		39,536	35,191
Finance revenue		3,833	1,588
Finance costs		(1,588)	(1,881)
Share of loss of an associate		<u>—</u>	<u>(23)</u>
Profit before tax		41,781	34,875
Income tax expenses	4	<u>(14,135)</u>	<u>(11,949)</u>
Profit for the period		<u>27,646</u>	<u>22,926</u>
Dividends	5	—	56,663
Earnings per share			
Basic, profit for the period	6	RMB0.05	RMB0.07

Movements To/From Reserves—Unaudited

for the three months ended 31 March 2007

	Issued capital RMB'000	Share premium account RMB'000	Statutory surplus reserve RMB'000	Public welfare fund RMB'000	General surplus reserve RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000
At 1 January 2006	170,000	—	13,269	6,634	—	121,399	—	311,302
Net profit for the period	—	—	—	—	—	22,926	—	22,926
Appropriation of statutory surplus reserve	—	—	2,272	—	—	(2,272)	—	—
Transfer of statutory Public welfare fund	—	—	—	(6,634)	6,634	—	—	—
2005 final dividend declared	—	—	—	—	—	(56,663)	—	(56,663)
At 31 March 2006	<u>170,000</u>	<u>—</u>	<u>15,541</u>	<u>—</u>	<u>6,634</u>	<u>85,390</u>	<u>—</u>	<u>277,565</u>
At 1 January 2007	253,785	380,457	28,875	—	6,634	142,242	25,379	837,372
Net profit for the period	—	—	—	—	—	27,646	—	27,646
Appropriation of statutory surplus reserve	—	—	2,765	—	—	(2,765)	—	—
At 31 March 2007	<u>253,785</u>	<u>380,457</u>	<u>31,640</u>	<u>—</u>	<u>6,634</u>	<u>167,123</u>	<u>25,379</u>	<u>865,018</u>

Notes:

1. BASIS OF PREPARATION

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

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 Accounting Standards and Standing Interpretations Committee 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.

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 three months ended 31 March	
	2007	2006
	RMB'000	RMB'000
Sales of goods	321,961	248,018
Less: Government surcharges	(666)	(738)
Revenue	<u>321,295</u>	<u>247,280</u>

3. OTHER EXPENSES

	For the three months ended 31 March	
	2007	2006
	RMB'000	RMB'000
Other expenses		
Unrealized loss on forward foreign exchange contracts	983	—
Foreign exchange losses (Hong Kong Dollars savings of the proceeds from international placing)	6,170	—
Foreign exchange losses (Export business)	379	134
Bank charges	82	8
	<u>7,614</u>	<u>142</u>

4. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong for the period under review.

The Company was subject to income tax at the rate of 33% on its taxable income according to the PRC Enterprise Income Tax Law.

The major components of income tax expense for the periods ended 31 March 2007 and 2006 are as follows:

	For the three months ended 31 March	
	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Current income tax charge	14,135	5,145
Deferred income tax relating to origination and reversal of temporary differences	—	6,804
Income tax expense reported in the income statement	<u>14,135</u>	<u>11,949</u>

5. DIVIDENDS

The Board does not recommend an interim dividend for the three months ended 31 March 2007 (three months ended 31 March 2006: Nil).

On 19 March 2007, the Board recommended the distribution of final dividends for the year ended 31 December 2006 of RMB 0.05 per share subject to the approval of the Company's shareholders at the annual general meeting to be held on 10 May 2007.

Pursuant to a resolution of an extraordinary shareholders' meeting on 20 March 2006, the Company's shareholders approved the proposed final dividend for the year ended 31 December 2005 of RMB56,663,000 in aggregate to the then shareholders.

6. EARNINGS PER SHARE

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 domestic shares and H shares in the Company) outstanding during the period under review. The weighted average number of shares in the Company for the three months ended 31 March 2007 is 507,570,000 (three months ended 31 March 2006: 340,000,000).

Basic and diluted earnings per share amounts for the three months ended 31 March 2007 and 2006 are the same as there were no diluting events during these two periods. Hence, no diluted earnings per share is being presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the three months ended 31 March 2007, the Company recorded unaudited total revenue of approximately RMB321,295,000 (three months ended 31 March 2006 approximately: RMB247,280,000). Compared to the corresponding period in the previous year, there is an increase in the total revenue of approximately RMB74,015,000 or a growth of approximately 29.9%.

Along with the speedy growth in export business, selling and distribution expenses amounted to approximately RMB14,033,000 (three months ended 31 March 2006 approximately: RMB7,057,000) as a result of the increase in distribution expenses such as costs for delivery overseas.

Other expenses mainly consists of exchange losses resulted from Hong Kong dollars savings in banks from the proceeds of the Company's international placing in the last quarter of year 2006. The Company has entered into forward settlement and sale of foreign exchange contracts with banks to exercise due controls against such exchange losses.

The Company recorded unaudited net profit attributable to equity holders of approximately RMB27,646,000 for the three months ended 31 March 2007 (three months ended 31 March 2006 approximately: RMB22,926,000). Compared to the corresponding period in the previous year, there is an increase in the net profit attributable to equity holders of approximately RMB4,720,000 or the growth of approximately 20.6%.

Operations review

During the period under review, the Company continued the research and development of new products, to emphasize on the development of the market for high value-added and advanced technology embedded oil well pipes, the on-going research of production craftsmanship in heat treatment and threading of oil well pipes and the launch of the newly developed high grade oil well pipes, such as L80 and P110 etc, into the market. For the area of vessel pipes, the Company has attained the respective accreditations from Japanese shipping classification society (Nippon Kaiji Kyokai) on January 2007 and from the Registro Italiano Navale ed Aeronautico of Italy (RINA) on February 2007 during the period under review. Up to now, the Company has already attained accreditations from 9 national shipping classification societies. Meanwhile, the Company was being awarded the certificate of the Pressure Equipment Directive (97/23/EC) of the European Community which enables the Company to export its pressurized specialized pipes such as boiler pipes to European Community countries and open up a new product line for exports.

The installation and fine-tuning of the equipments for the oil casing pipe heat treatment production line of the Company, with an annual capacity of 100,000 tonnes, was successfully completed during the period under review and its commercial production has launched. The performance and quality of oil well pipes after being heat treated would be upgraded which would then be applied to harsher geological environment. Hence, profiles of such heat treated products were being enhanced together with the advancement in our product mix. Meanwhile, the Company maintained the progress of its oil well pipe technology upgrade. After the acquisition of inspection and testing equipment, product quality was further improved as a result of having more effective inspection and testing techniques.

The logistics services and the one-stop shop concept of the Company kept strengthened while it actively involved in the development and upgrade of its market for the three months ended 31 March 2007. Regarding its domestic market, excellent relationship with oil fields in the northeast and the northwest regions of the PRC was maintained. On such basis, products types and sales volume thereof was being gradually expanded while the development scale for other markets in the PRC was also being bolstered. For the overseas market, more resources have been injected in order to raise the penetration rate and the turnover in the international market. During the first quarter of the year, the Company recorded export sales amount of approximately RMB56,851,000. Compared to the corresponding period in the previous year, there is an increase of approximately RMB48,350,000 or approximately 568.8%.

The Company was actively commencing the phase II of the 861 Action Plan, proceeding with environmental appraisal and seeking relevant approval during the period. The Company intends to officially initiate the construction works of phase II of the 861 Action Plan by the second quarter of year 2007.

Major acquisition or disposal and significant investments

During the period under review, the Company did not have any major acquisition or disposal and significant investments.

Prospects

The market demand for oil well pipe maintains its steady increasing trend, subject to the rapid developments in global economics, persistent robust demand in crude oil and the continuous increasing crude oil exploration in the country and worldwide. Facing the future, the Company would strengthen the in-house research and development capability, enhance the profile and value-added of products, improve the utilization and efficiency of production equipments, reinforcing the development of domestic and overseas markets and enhancing the scale and level of one-stop shop services, upgrade scientific management tactics and internal cost controls, fortify the Company's own competitive advantage. Meanwhile, by means of constructing phase II of the 861 Action Plan, we will keep on creating fruitful returns to the Company's shareholders.

I. Enhance Productivity

To improve the utilization and efficiency of equipments and to enhance production capacity and production volume through technology upgrade.

II. Vertical expansion in the industry

An oil well pipe threading technology upgrade project of the Company with an annual capacity of 100,000 tonnes is in progress. Production is scheduled to be launched by the end of June 2007.

III. Exploration of domestic and overseas markets

For domestic markets, the Company will keep on upgrading market structure, promoting sales of high value-added products and speeding up the expansion of high value-added products. With the strategic advantage of direct selling and one-stop shop service, at the same time, it will be more in line with market demand. Being able to collect the latest market information, better services could be provided to customers.

For markets overseas, the Company will utilise the strength of its market development to pinpoint potential markets in the Middle East, Africa and South America in order to increase the market share of export sales, given its existing market would be maintained.

Human resources

The Company believes that the quality of its employees is one of the most important factor for its sustainable development and growth and the enhancement of its profitability. As at 31 March 2007, the Company had 982 employees (as at 31 March 2006: 796 employees). The remuneration package of the Company's employees includes salaries, incentives (such as bonus based on work performance) and allowances.

DIRECTORS' SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2007, the interest or short positions of the Directors, Supervisors or 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 (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, or which will be required pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange once the H shares are listed, were as follows:

Name of Company	Name of Director or Supervisor	Capacity	Nature of interest and number of shares/ amount of capital contribution (RMB)				Total number of shares/ Total amount of capital contribution	Percentage holding of shares/interest in the registered capital of the relevant associated corporation	Approximate percentage of the total issued share capital of the Company
			Personal Interests	Family Interests	Corporate Interests	Other Interests			
Company	Ye Shi Qu	Interest in controlled corporation (Note 1)	—	—	340,000,000 Domestic shares	—	340,000,000 Domestic shares	—	67%
Anhui Tianda Enterprise (Group) Company Limited ("Tianda Holding")	Ye Shi Qu	Beneficial owner	RMB174,012,800	—	—	—	RMB174,012,800	74.5%	—
Anhui Tianda Investment Company Limited ("Tianda Investment")	Ye Shi Qu	Interests in controlled corporation (Note 2)	RMB50,000,000	—	—	—	RMB50,000,000	100%	—
Tianda Holding	Zhang Hu Ming	Beneficial owner	RMB9,166,700	—	—	—	RMB9,166,700	3.9%	—
Tianda Holding	Zhang Jian Huai	Beneficial owner	RMB35,000	—	—	—	RMB35,000	0.015%	—
Tianda Holding	Yong Jin Gui	Beneficial owner	RMB8,217,500	—	—	—	RMB8,217,500	3.5%	—
Tianda Holding	Liu Jun Chang	Beneficial owner	RMB3,150,000	—	—	—	RMB3,150,000	1.3%	—
Tianda Holding	Xie Yong Yang	Beneficial owner	RMB7,367,250	—	—	—	RMB7,367,250	3.15%	—

Note:

1. Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in all of the 272,000,000 domestic shares held by Tianda Holding and 68,000,000 domestic shares held by Tianda Investment.
2. Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in 100% of the registered capital of Tianda Investment.

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 or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules as at 31 March 2007.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY

So far as is known to the Directors, Supervisors and chief executives of the Company, as at 31 March 2007, 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) in the Company or to acquire H shares in the Company.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors or chief executive of the Company are aware, as at 31 March 2007, 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 Interests in controlled corporation (<i>Note 2</i>)	Domestic shares	272,000,000(L)	80%	53.6%
		Domestic shares	68,000,000(L)	20%	13.4%
Tianda Investment	Beneficial owner	Domestic shares	68,000,000(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
Ye Shi Qu (Note 3)	Interests in controlled corporations	Domestic shares	340,000,000(L)	100%	67%
Hillhouse Capital Management, Ltd.	Interests in controlled corporations	H-shares	25,180,000(L)	15.0%	5.0%
Atlantis Investment Management Limited	Investment manager	H-shares	23,000,000(L)	13.7%	4.5%
Baring Asset Management Limited	Investment manager	H-shares	22,092,000(L)	13.2%	4.4%
Northern Trust Fiduciary Services (Ireland) Limited	Trustee	H-shares	19,686,000(L)	11.7%	3.9%
GLHH Fund II L.P.	Beneficial owner	H-shares	16,825,000(L)	10.0%	3.3%
JP Morgan Chase & Co.	Custodian corporation/approved lending agent	H-shares	13,474,000(L)	8.0%	2.7%
Credit Agricole Asset Management Hong Kong Limited	Investment manager	H-shares	8,434,000(L)	5.0%	1.7%
Credit Agricole Asset Management	Interests in controlled corporation	H-shares	9,212,000(L)	5.5%	1.8%
Gaoling Fund, L.P.	Beneficial owner	H-shares	8,787,000(L)	5.2%	1.7%

Notes:

1. “L” refers to the long position in the shares in the Company held by such person/entity.
2. Pursuant to the SFO, as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Tianda Holding is deemed to be interested in the 68,000,000 domestic shares held by Tianda Investment.
3. Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding, and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in all of the 272,000,000 domestic shares held by Tianda Holding and 68,000,000 domestic shares held by Tianda Investment.

DOMESTIC SHARES DIRECTORS’ AND SUPERVISORS’ INTERESTS IN A COMPETING BUSINESS

For the three months period ended 31 March 2007, the Directors are not aware of any business or interest of the Directors, the Supervisors, the management shareholders of the Company and their respective associates (as defined under the GEM 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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Somerley Limited, the Company’s compliance adviser, as at 31 March 2007, neither Somerley Limited nor its directors or employees or associates had any interests in the share capital of the Company.

Pursuant to an agreement dated 9 October 2006 entered into between Somerley Limited and the Company, Somerley Limited received and will receive fees for acting as the Company’s compliance adviser.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not purchased, sold or redeemed any of its listed securities during the three months period ended 31 March 2007.

AUDIT COMMITTEE

In compliance with Rules 5.28 to 5.29 of the GEM Listing Rules, the Company established an audit committee with written terms of reference. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises two independent non-executive directors, namely, Mr. Zhao Bin and Mr. Wu Chang Qi and one non-executive director, namely, Mr. Zhang Jian Huai. Mr. Zhao Bin is the chairman of the audit committee.

The audit committee has reviewed the Company's unaudited results for the three months ended 31 March 2007 and had the opinion that the preparation of the results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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, PRC, 30 April 2007

As at the date of this announcement, the Board comprises three executive Directors: Mr. Ye Shi Qu, Mr. Zhang Hu Ming and Mr. Xie Yong Yang; two non-executive Directors: Mr. Zhang Jian Huai and Mr. Liu Peng; and three independent non-executive Directors: Mr. Wu Chang Qi, Mr. Wang Xiu Zhi and Mr. Zhao Bin.

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