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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)

PRELIMINERY INTERIM RESULTS ANNOUNCEMENT

For the six months ended 30 June 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investment in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to higher market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination of GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM Website in order to obtain up-to-date information on GEM-listed issuers.

*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 (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.*

Interim Results

The board of directors (the "**Board**") of Anhui Tianda Oil Pipe Company Limited is pleased to present the results for the six months ended 30 June 2007 together with comparative figures for the corresponding period in 2006 and for the three months ended 30 June 2007 together with comparative figures for the corresponding period in 2006.

Income Statement

		Six months ended 30 June	
	Notes	**2007 RMB'000**	**2006 RMB'000**
Revenue	3	728,561	596,129
Cost of sales		(584,960)	(487,883)
Gross profit		143,601	108,246
Other income		5,678	523
Selling and distribution costs		(24,216)	(19,440)
Administrative expenses		(17,284)	(6,370)
Other expenses		(195)	(154)
Operating profit		107,584	82,805
Finance revenue		7,323	1,588
Finance costs		(11,025)	(3,308)
Share of loss of an associate		-	(23)
Profit before tax	4	103,882	81,062
Income tax expense	5	(33,332)	(27,640)
Profit for the period		70,550	53,422
Dividends	6	25,379	56,663
Earnings per share			
basic, for profit for the period	7	RMB0.14	RMB0.16

Income Statement (cont'd)

	Three months ended 30 June	
	2007	**2006**
	RMB'000	**RMB'000**
Revenue	407,266	348,849
Cost of sales	(328,919)	(287,746)
Gross profit	78,347	61,103
Other income	4,788	512
Selling and distribution costs	(10,183)	(12,383)
Administrative expenses	(12,323)	(1,606)
Other expenses	(113)	(146)
Operating profit	60,516	47,480
Finance revenue	3,490	-
Finance costs	(1,905)	(1,293)
Share of loss of an associate	-	-
Profit before tax	62,101	46,187
Income tax expense	(19,197)	(15,691)
Profit for the period	42,904	30,496
Dividends	25,379	-
Earnings per share		
basic, for profit for the period	RMB0.08	RMB0.09

Balance Sheet

	Notes	30 June 2007 RMB'000	31 December 2006 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		378,260	342,052
Prepaid land premiums		30,256	28,158
Total non-current assets		408,516	370,210
Current assets			
Inventories		209,471	201,828
Trade and notes receivables	8	93,052	92,591
Prepayments, deposits and other receivables		95,930	57,513
Cash and bank balances		353,232	436,429
Total current assets		751,685	788,361
TOTAL ASSETS		1,160,201	1,158,571
EQUITY AND LIABILITIES			
Equity			
Issued capital		253,785	253,785
Reserves		628,758	558,208
Proposed final dividend		-	25,379
Total equity		882,543	837,372
Non-current liabilities			
Interest-bearing loans and borrowings		-	35,000
Current liabilities			
Interest-bearing loans and borrowings		30,000	70,000
Trade and notes payables	9	58,354	66,910
Income tax payable		42,792	27,342
Accrued liabilities and other payables		146,512	121,947
Total current liabilities		277,658	286,199
Total liabilities		277,658	321,199
TOTAL EQUITY AND LIABILITIES		1,160,201	1,158,571
NET CURRENT ASSETS		474,027	502,162
TOTAL ASSETS LESS CURRENT LIABILITIES		882,543	872,372

Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Issued capital RMB'000	Share premium account RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	General surplus reserve RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000
At 31 December 2006	253,785	380,457	28,875	-	6,634	142,242	25,379	837,372
Profit for the period	-	-	-	-	-	70,550	-	70,550
2006 final dividend declared	-	-	-	-	-	-	(25,379)	(25,379)
At 30 June 2007	253,785	380,457	28,875	-	6,634	212,792	-	882,543
At 31 December 2005	170,000	-	13,269	6,634	-	121,399	-	311,302
Profit for the period	-	-	-	-	-	53,422	-	53,422
Transfer of statutory public welfare fund	-	-	-	(6,634)	6,634	-	-	-
2005 final dividend declared	-	-	-	-	-	(56,663)	-	(56,663)
At 30 June 2006	170,000	-	13,269	-	6,634	118,158	-	308,061

Notes to Financial Statements
30 June 2007

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 requirement 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 are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRSs and International Financial Reporting Interpretations Committee (the "**IFRIC**") interpretation during the period.

IAS 1	Amendment - Presentation of Financial Statements - Capital Disclosure
IFRS 7	Financial Instruments: Disclosures
IFRIC 10	Interim Financial Reporting and Impairment

Adoption of these revised standards and interpretations did not have any significant effect on the financial statements of the Company.

2. Segment information

Segment information is presented by way of two segment formats:

(i) on a primary segment reporting basis, by business segment; and
(ii) on a secondary segment reporting basis, by geographical segment.

The Company's operating business are structured and managed separately according to the nature of its operations and its products. Each of the Company's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segment. Summary details of the business segments are as follows:

- Manufacturing seamless steel pipes
- Sourcing and distributing seamless steel pipes

In determining the Company's geographical segments, revenues are attributed to the segments based on the location of the customers.

Certain assets and all liabilities cannot be directly attributable to individual segments and it is impractical to allocate them to the segments.

(a) Business segments

The following table presents revenue and profit for the Company's business segments for the six-month periods ended 30 June 2007 and 2006.

	Manufacturing seamless steel pipes RMB'000	**Sourcing and distributing seamless steel pipes** RMB'000	**Total** RMB'000
Six months ended 30 June 2007			
Revenue	617,357	111,204	728,561
Results			
Segment gross profit	130,359	13,242	143,601
Unallocated other income			5,678
Unallocated expenses			(41,695)
Net finance costs			(3,702)
Profit before tax			103,882
Income tax expense			(33,332)
Profit for the period			70,550
Six months ended 30 June 2006			
Revenue	463,278	132,851	596,129
Results			
Segment gross profit	92,075	16,171	108,246
Unallocated other income			523
Unallocated expenses			(25,964)
Net finance costs			(1,720)
Share of loss of an associate			(23)
Profit before tax			81,062
Income tax expense			(27,640)
Profit for the period			53,422

The following table presents certain asset, liability and expenditure information for the Company's business segments as at 30 June 2007 and 31 December 2006.

	Manufacturing seamless steel pipes RMB'000	Sourcing and distributing seamless steel pipes RMB'000	Total RMB'000
As at 30 June 2007			
Assets			
Segment assets	589,930	28,057	617,987
Unallocated assets			542,214
Total assets			1,160,201
Liabilities			
Segment liabilities			-
Unallocated liabilities			277,658
Total liabilities			277,658
Other segment information			
Capital expenditure	52,490	-	52,490
Depreciation and amortisation	14,184	-	14,184
Impairment of assets recognised	914	-	914
As at 31 December 2006			
Assets			
Segment assets	548,526	23,512	572,038
Unallocated assets			586,533
Total assets			1,158,571
Liabilities			
Segment liabilities			-
Unallocated liabilities			321,199
Total liabilities			321,199
Other segment information			
Capital expenditure	150,708	-	150,708
Depreciation and amortisation	22,039	-	22,039
Impairment of assets recognised	523	-	523

(b) Geographical segments

The principal assets employed by the Company are located in Anhui Province, the PRC. Therefore, no segment information based on the geographical location of the Company's assets is presented for the balance sheets of 30 June 2007 and 31 December 2006.

The following table presents revenue for the Company's geographic segments for the six-month periods ended 30 June 2007 and 2006.

	Six months ended 30 June	
	2007	**2006**
	RMB'000	RMB'000
PRC	610,376	576,141
Overseas	118,185	19,988
	728,561	596,129

3. 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.

	Six months ended 30 June	
	2007	**2006**
	RMB'000	RMB'000
Sales of goods	730,200	597,599
Less: Government surcharges	(1,639)	(1,470)
Revenue	728,561	596,129

4. Profit before tax

The Company's profit before tax is arrived at after charging:

	Six months ended 30 June 2007 RMB'000	2006 RMB'000
Costs of sales	584,960	487,883
Depreciation	13,875	10,625
Amortisation of prepaid land premiums	309	238
Provision for bad and doubtful debts	224	553
Provision for obsolete inventories	690	-
Research and development costs	987	1,012
Auditors' remuneration	667	-
Staff costs:		
- salaries and other staff costs	12,008	8,434
- retirement costs - defined contribution fund	1,630	560

5. Income tax expense

No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong for the six-month period ended 30 June 2007 (six-month period ended 30 June 2006: Nil).

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

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 will become 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 will become 25% according to the New Corporate Income Tax Law starting from 1 January 2008.

The major components of income tax expense for the six-month periods ended 30 June 2007 and 2006 are as follows:

	Six months ended 30 June 2007 RMB'000	2006 RMB'000
Current income tax charge	34,817	5,146
Adjustments in respect of current tax of previous years	(1,485)	-
Deferred income tax relating to origination and reversal of temporary differences	-	22,494
Income tax expense reported in the income statement	33,332	27,640

A reconciliation of the income tax expense applicable to profit before tax using the statutory income tax rate for the country in which the Company is domiciled to the income tax expense at the effective tax rate is as follows:

	Six months ended 30 June	
	2007	**2006**
	RMB'000	RMB'000
Accounting profit before income tax	103,882	81,062
Tax at an applicable tax rate of 33%	34,281	26,750
Adjustments in respect of current tax of previous years	(1,485)	-
Tax effect of expense items which are not deductible for income tax purposes	536	890
Income tax expense reported in the income statement	33,332	27,640
Effective tax rate	32.09%	34.10%

The movements in income tax payable during the six-month periods ended 30 June 2007 and 2006 are as follows:

	Six months ended 30 June	
	2007	**2006**
	RMB'000	RMB'000
At the beginning of period	27,342	914
Provision for the period	33,332	5,146
Payment during the period	(17,882)	(2,823)
At the end of period	42,792	3,237

The movements in deferred income tax assets arising from the investment tax credits during the six-month periods ended 30 June 2007 and 2006 are as follows:

	Six months ended 30 June	
	2007	**2006**
	RMB'000	RMB'000
At the beginning of period	-	38,551
Deferred tax charged to the income statement during the period	-	(22,494)
At the end of period	-	16,057

6. Dividends

	Six months ended 30 June	
	2007	**2006**
	RMB'000	RMB'000
Dividend	25,379	56,663

The Board does not recommend an interim dividend for the six-month period ended 30 June 2007 (six-month period ended 30 June 2006: Nil).

Pursuant to a resolution of an annual shareholders' meeting on 10 May 2007, the Company's shareholders approved the proposed dividend for the year ended 31 December 2006 of RMB25,379,000 (RMB0.05 per share) in aggregate to the then shareholders.

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 (RMB0.20 per share) in aggregate to the then shareholders. Of the RMB56,663,000, RMB1,621,000 was paid in cash to Tianda Trade Union and the balance to Anhui Tianda Enterprise (Group) Company Limited ("**Tianda Holding**") by way of setting off against the funds due from Tianda Holding in March 2006.

7. 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) outstanding during the period. The weighted average number of shares for the six-month period ended 30 June 2007 is 507,570,000 (six-month period ended 30 June 2006: 340,000,000), which is calculated as if the subdivision of the Company's Domestic shares from one share of nominal value of RMB1.00 into two Domestic shares of RMB0.50 each had been in issue throughout the six-month period ended 30 June 2006.

Diluted earnings per share amounts for the six-month periods ended 30 June 2007 and 2006 have not been calculated as there were no diluting events during the six-month periods ended 30 June 2007 and 2006.

8. Trade and notes receivables

	30 June 2007 RMB'000	31 December 2006 RMB'000
Notes receivable – third parties	61,392	45,729
Trade receivables – third parties	32,019	47,097
	93,411	92,826
Less: Provision for bad and doubtful debts	(359)	(235)
	93,052	92,591

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

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

	30 June 2007 RMB'000	31 December 2006 RMB'000
Outstanding balances with ages:		
Within one year	31,604	46,840
Between one and two years	158	257
Between two and three years	257	-
Over three years	-	-
	32,019	47,097

The balances of trade receivables are unsecured, interest-free and are generally on credit terms of 1 to 45 days.

9. Trade and notes payables

	30 June 2007 RMB'000	31 December 2006 RMB'000
Notes payable – third parties	-	20,746
Trade payables – third parties	57,565	41,846
Amount due to Tianda Holding	789	419
Amount due to other related parties	-	3,899
	58,354	66,910

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

The amount due to Tianda Holding and other related parties are unsecured, interest-free and have no fixed terms of repayment. All remaining 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 date, is as follows:

	30 June 2007 RMB'000	31 December 2006 RMB'000
Outstanding balances with ages:		
Within one year	57,435	66,290
Between one and two years	752	453
Between two and three years	-	51
Over three years	167	116
	58,354	66,910

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 June 2007, the Company recorded total revenue of approximately RMB728,561,000 (six months ended 30 June 2006: approximately RMB596,129,000). Compared to the corresponding period in the previous year, there is an increase in the total revenue of approximately RMB132,432,000 or a growth of approximately 22.2%. This increase was primarily attributable to the Company's increased sales as a result of increased production from and utilization of the oil well pipe production lines and the persistent market demand for oil well pipes in the PRC during the same period. The commencement of production of the Company's heat processing production line in January 2007 has also contributed to this increase in revenue.

For the six months ended 30 June 2007, the Company recorded gross profit of approximately RMB143,601,000 (six months ended 30 June 2006: approximately RMB108,246,000). It is primarily the result of the increase in sales of oil well pipes as a proportion of the Company's total turnover as well as the commencement of sales of heat processed oil well pipes which have higher profit margins. Regarding profit margin of the product mix, as the production technique and experience of the Company's oil well pipe production have been continuously improving, the cost of production decreased and efficiency enhanced. This resulted in an increase in the gross margin of oil well pipes from approximately 21.4% for the six months ended 30 June 2006 to approximately 23.3% for the six months ended 30 June 2007.

Along with the growth in the Company's turnover as well as its export business, selling and distribution expenses increased to approximately RMB24,216,000 for the six months ended 30 June 2007 (six months ended 30 June 2006: approximately RMB19,440,000) due to the expansion of the Company's overseas client base and the more expensive international freight costs incurred by the Company as a result of increased overseas sales in the first half of 2007.

The Company's administrative expenses increased by 171% from RMB6,370,000 for the six months ended 30 June 2006 to RMB17,284,000 for the six months ended 30 June 2007, primarily as a result of the increase in salaries and other staff costs for the management team in all levels so as to reward their contributions to the Company's development and growth, overheads incurred for the Company being a listed company in Hong Kong and professional fees incurred for the proposed migration of the Company's H shares to be traded on the main board of the Stock Exchange.

The Company's finance revenue for the six months ended 30 June 2007 was approximately RMB7,323,000, representing approximately 4.6 times of that for the corresponding period in 2006 of RMB1,588,000. This was primarily attributable to the interest received for the time deposit of the listing proceeds from the listing of the H shares of the Company on GEM, the commencement of which took place on 1 December 2006 (the "**GEM Listing**"). The Company's finance costs increased by approximately 233.3% from approximately RMB3,308,000 for the six months ended 30 June 2006 to approximately RMB11,025,000 for the six months ended 30 June 2007, primarily as a result of the foreign exchange loss because of the appreciation of RMB when the listing proceeds from the GEM Listing was in Hong Kong dollars. Following the scheduled application of the listing proceeds from GEM Listing, foreign exchange losses of such scale are not expected to recur.

The Company recorded net profit attributable to equity holders of approximately RMB70,550,000 for the six months ended 30 June 2007 (six months ended 30 June 2006: approximately RMB53,422,000). Compared to the corresponding period in the previous year, there is an increase in the net profit attributable to equity holders of approximately RMB17,128,000 or a growth of approximately 32.1%. The increase was primarily the result of increased sales of oil well pipes and heat processed oil well pipes with higher margins and increased economies of scale.

Operations review

Regarding its domestic market, the Company has been making inroads to supplying leading petrochemical companies in the PRC directly. Moreover, the Company has successfully developed its market among oil fields in the northeast and the northwest regions of the PRC. On such basis, product types and sales volume gradually expanded while the development scale for other markets in the PRC was also being bolstered. During the period under review, sales of oil well pipes recorded approximately RMB446,188,000 (six months ended 30 June 2006: approximately RMB338,386,000), having increased approximately 31.9% as compared with the corresponding period last year. 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 period under review, the Company recorded export sales of approximately RMB118,185,000 (six months ended 30 June 2006: approximately RMB19,988,000), having increased approximately 491.3% as compared with the corresponding period last year.

During the period under review, the Company was actively commencing the oil well pipe technology upgrade under phase II of the 861 Action Plan to build a 300,000 tonnes high grade oil well pipe production line (the "**Phase II of the 861 Action Plan**"). The Company would make further announcement, when necessary, on the progress of the Phase II of the 861 Action Plan and in accordance with the GEM Listing Rules.

The Board proposed to make an application to the relevant authority for the listing of the Company's H shares in issue on the main board of the Stock Exchange by way of introduction and, when successfully listed, the Company would withdraw voluntarily the listing of its H shares in issue on GEM. During the period under review, relevant shareholders' approval for the application has been obtained while the Company also obtained the notice of acceptance of application from the China Securities Regulatory Commission. The Company appointed Cazenove Asia Limited as its sponsor and has submitted an advance booking form for the above proposed introduction to the Stock Exchange on 3 July 2007. The Company will make further announcement to keep the Shareholders informed of such progress in due course.

Segment information

1. Self-produced specialized seamless pipes

During the period under review, the Company continued the research and development of new products and strengthened its 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. In respect of vessel pipes, the Company attained the respective accreditations from Japanese shipping classification society (Nippon Kaiji Kyokai) in January 2007 and from the Registro Italiano Navale ed Aeronautico of Italy (RINA) in February 2007. As of 30 June 2007, 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 Company's oil well pipe heat treatment production line technology upgrade project with an annual capacity of 100,000 tonnes were successfully completed during the period under review and has commenced commercial production. The improved performance and quality of oil well pipes after heat treatment would allow application of these pipes to harsher geological environment. Hence, profiles of such heat treated products are enhanced and its product mix is also improved. 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. In July 2007, the construction of the oil well pipes threading production line technology upgrade project, with an annual capacity of 100,000 tonnes, was completed.

2. Sourcing and distribution of specialized seamless pipes

The logistics and one-stop shop services of the Company were strengthened considerably while it actively involved in the development and upgrade of its target market for the six months ended 30 June 2007. In addition to producing specialized seamless pipes to meet the demand of its customers, the Company also provides one-stop shop services to customers which assisted the customers by sourcing and distributing specialized seamless pipes with other specifications that the Company did not produce. The provision of a full range service aims at saving purchasing time and purchase costs for customers and may help to build up market bases to take advantage of the Company's increased capacity and new product lines in the future.

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 2007, the Company's cash and bank deposits amounted to approximately RMB353,232,000 (31 December 2006: approximately RMB436,429,000). As at 30 June 2007, the Company's interest-bearing loans and borrowings amounted to RMB30,000,000 (31 December 2006: RMB105,000,000). As at 30 June 2007, all of the Company's banks loans were unsecured (31 December 2006: unsecured) and would be matured within one year. There is no particular seasonality of the Company's borrowings.

The Company's gearing ratio as at 30 June 2007 was approximately 2.6% (31 December 2006: approximately 9.1%), which is a percentage based on the interest-bearing loans and borrowings divided by total assets.

Charges on assets

As at 30 June 2007, none of the Company's property, plant and equipment and bank deposit were pledged to secure the banking facilities of the Company (31 December 2006: Nil).

Significant investments held

During the six months ended 30 June 2007, 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 2007.

Contingent liabilities

As at 30 June 2007, the Company's contingent liabilities included bank accepted drafts endorsed with recourse amounted to approximately RMB245,781,000 (31 December 2006: approximately RMB131,168,000) and bank accepted drafts discounted with recourse amounted to approximately RMB16,650,000 (31 December 2006: Nil).

Foreign exchange risk

Generally, the Company sells its products to overseas customers in United States dollars which exposes the Company to foreign currency fluctuations.

All cash and cash equivalents of the Company are denominated in Renminbi and Hong Kong 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.

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 2007, the Company had 1,018 employees (as at 31 December 2006: 840 employees). The remuneration package for the Company's employees includes salaries, incentives (such as bonus based on work performance) and allowances.

Prospects

In light of the rapid development of the global economy, the market demand for oil well pipes is expected to maintain its steady increasing trend as long as persistent robust demand for crude oil and the increasing crude oil exploration activities in the country and worldwide would continue. Going forward, the Company intends to further strengthen its in-house research and development capability, enhance the profile and value-added of its products, improve the utilization and efficiency of production equipments, reinforce the development of domestic and overseas markets and enhance the scale and level of one-stop shop services, upgrade scientific management tactics and internal cost controls in order to fortify the Company's own competitive advantages. Meanwhile, by means of implementing phase II of the 861 Action Plan, we expect to continue generating fruitful returns to the Company's shareholders.

i. Enhance operation efficiency

The Company will promote products profile and increase productivity through more extensive research and development while at the same time improve management efficiency and tighten cost control.

ii. Develop both domestic and overseas markets

For domestic markets, the Company will continue to upgrade its target market, promote sales of high value-added products and speed up the provision of high value-added products.

For overseas markets, the Company will not only achieve notable results in the North American and European markets but also utilize the strength of its market development to the selected potential markets in the Middle East, Africa and South America in order to increase its share of export sales.

iii. Provide value-added services

The Company will be more market-oriented through its direct selling and one-stop shop marketing tactics. Moreover, it will enhance its service level to customers and strengthen the promotion of the Company's products.

iv. Expand corporate scale

The Company would keep on locating domestic and foreign strategic partners in an active and prudent manner.

v. Enhance international status

Through the proposed migration of the Company's H shares to be traded on the main board of the Stock Exchange, the Company would procure more support from international capital market together with increase in the liquidity of its H shares.

COMPARISON OF THE BUSINESS OBJECTIVES WITH THE ACTUAL BUSINESS PROGRESS:

The following is a comparison of the actual business progress from 1 January 2007 to 30 June 2007 and the business objectives as set out in the Company's prospectus dated 27 November 2006 (the "**Prospectus**").

Business objectives as stated in the Prospectus	**Actual business progress in respect of the period from 1 January 2007 to 30 June 2007**
<u>**Product improvement and development**</u>	
i. the Company intends to improve and develop products in response to market demands and changes. ii. Through the research in the production technologies and craftsmanship of heat processing for oil well pipes, more investment will be made in technology upgrade for equipment. iii. Through further processing of oil well pipe products (such as threading), standard and added value of the products will be enhanced.	The Company successfully obtained its production certification from Japan and Italy for specialized seamless pipes use in the construction of vessels for the periods from 5 January 2007 to 4 January 2012 and 9 February 2007 to 7 December 2011 respectively. It has also completed the construction of oil well pipe heat processing production line. The Company has contracted to purchase some of the ultra-sound inspection equipment for the purpose of inspecting high grade steel oil well pipes.
<u>**Equipment technology upgrade**</u>	
So as to implement technology upgrades to cater to new products or increase in production, the Company expects to purchase some equipment and/or technology for such equipment technology upgrades.	The Company increased production efficiency of its production equipment via technological upgrades of its existing production lines, resulting in higher production efficiency and utilization rates, and was the result of the Company's research study in its production technology and equipment.

Research and development

i. Research and development of new products through conducting technology cooperation with Tubular Goods Research Center of China National Petroleum Corporation and Special Steel Branch Co. of Baoshan Iron and Steel Company Limited, the Company will continue to develop series of high added value oil casing pipes products that are extremely hard, corrosion resistant, pressure resistant and non-conditioning. Enhancement of the technique in heat processing of oil well pipes and development of pressure resistant oil well pipes with high grade steel, such as P110.

ii. Research and development on production technologies and craftsmanship for oil well pipes. Through the research in the production technologies and craftsmanship for oil well pipes, and technology upgrade for equipment, quality of products will be improved, whilst production costs will be reduced and production capability will be increased.

iii. Research in the processing technique of screw marks, production of medium circular screw marks of American Petroleum Institute (the "**API**") standard and asymmetrical screw marks. At the same time, thickened oil transfer pipes will be produced.

The Company continued to research and develop N80-Q, L80 and P110 high grade steel products which are specific for the automobile industry utilising oil well pipe production technologies, further improving the Company's product offerings. During this same period, the Company has completed the research and development in the processing technique of screw marks and asymmetrical screw marks for oil well pipes which comply with the API standard.

Sale and marketing

Content in the Company's website will be updated. There will be also enhancements to the Company's information collection system. More promotional efforts will be devoted through expansion of the marketing and publications advertising network. The Company will actively participate in trade exhibitions.

The Company has established a new web page "Investor Relations" in its company website and strengthened its internet advertising efforts. The Company also participated in the Seventh Chinese International Oil and Petrochemical Technological Equipment Exhibition in Beijing, the Third International Steel Pipe Industrial Exhibition held in Shanghai and the Shanghai China Oil E-Commerce Exhibition 2007 respectively during the period from April 2007 to June 2007.

Production packaging/Logistics

The Company will continue the development of its distribution and logistics centre by increasing production storage area by approximately 40,000 sq.m.

The Company continued to develop its distributing and logistics centre.

Phase II of the 861 Action Plan feasibility study

The Company will continue its initial phase investment in the areas of feasibility study, environmental impact assessment, equipment knowhow and administration and other expenses.

The Company's consultant China International Engineering Consulting Corporation as well as other institutions appointed progressed its feasibility study on the Phase II of the 861 Action Plan. The Company has also passed its environmental impact assessment. The Company is technologically ready and is progressing the relevant works in respect of Phase II of the 861 Action Plan.

Use of listing proceeds from GEM Listing

The Company raised approximately HK$461.0 million of net proceeds through the international placing and the exercise of the over-allotment option in December 2006. Set out below is the intended use of proceeds of approximately HK$178.8 million in total since the GEM Listing up to 30 June 2007 according to the Prospectus:

- approximately HK$101.0 million for product improvement and development;
- approximately HK$14.9 million for equipment technology upgrade;
- approximately HK$11.9 million for research and development;
- approximately HK$1.5 million for sales and marketing;
- approximately HK$19.8 million for production packaging/logistics;
- approximately HK$9.9 million for Phase II of the 861 Action Plan Feasibility Study; and
- approximately HK$19.8 million for working capital.

The Company's actual use of proceeds for the period since the GEM Listing and up to 30 June 2007 was approximately HK$117.0 million in the following manners:

- approximately HK$71.6 million for product improvement and development;
- approximately HK$15.0 million for equipment technology upgrade;
- approximately HK$1.0 million for research and development;
- approximately HK$1.4 million for sales and marketing;
- approximately HK$4.8 million for production packaging/logistics;
- approximately HK$3.5 million for Phase II of the 861 Action Plan Feasibility Study; and
- approximately HK$19.7 million for working capital.

The Company will use the remaining unutilised net proceeds of approximately HK$344.0 million in accordance with its planned usage as set out in the Prospectus and as revised by the announcement of the Company regarding the exercise of the over-allotment option. The Company will from time to time review its business plans in the interests of the Shareholders.

DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

For the six months period ended 30 June 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, for the six-month period ended 30 June 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 six months period ended 30 June 2007.

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 15 of the GEM 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.

During the period under review, the Company had continuing connected transactions including purchasing pipe protection casings, packaging materials, water supply and leasing a premise for staff quarters from connected parties and selling to a connected person specialized seamless pipes. Having considered the immaterial amounts involved, it is believed that all the continuing connected transactions for the year ending 31 December 2007 will be exempted from further reporting, announcement and independent shareholders' approval requirements under Rule 20.33(3) of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "**Dealing Code**"). The Company had made specific enquiries of all Directors and the Company was not aware of any non-compliance with the Dealing Code.

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 Company. The audit committee comprises two independent non-executive directors, Mr. Zhao Bin and Mr. Wu Chang Qi and one non-executive director Mr. Zhang Jian Huai. Mr. Zhao Bin is the chairman of the audit committee.

The audit committee has reviewed the Company's results for the three months ended 30 June 2007 and the six months ended 30 June 2007 and the relevant comparative figures and was of the opinion that the preparation of those results complied with the applicable accounting standards and requirements as adopted in the audited financial statements for year 2006 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 China, 7 August 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。

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting.