SHENGLI OIL & GAS PIPE HOLDINGS LIMITED
勝利油氣管道控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1080)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board (the "Board") of directors (the "Directors") of Shengli Oil & Gas Pipe Holdings Limited (the "Company") hereby announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009, with comparative figures for the preceding financial year ended 31 December 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** ***RMB'000***	2008 *RMB'000*
Turnover	*5*	**2,999,092**	1,070,747
Cost of sales		**(2,657,043)**	(935,241)
Gross profit		**342,049**	135,506
Other income	*6*	**51,356**	36,141
Selling and distribution expenses		**(16,515)**	(6,020)
Administrative expenses		**(37,951)**	(16,830)
Finance costs	*7*	**(3,051)**	—
Profit before taxation	*8*	**335,888**	148,797
Income tax expenses	*9*	**—**	—
Profit for the year and total comprehensive income for the year		**335,888**	148,797
Earnings per share — basic (RMB cents)	*11*	**31.01**	16.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**230,701**	221,093
Prepaid lease payments		**17,103**	5,894
Goodwill		**2,525**	2,525
		250,329	229,512
CURRENT ASSETS			
Inventories		**255,598**	812,126
Trade and other receivables	*12*	**488,997**	178,854
Amounts due from related parties		**4,389**	2,840
Prepaid lease payments		**355**	123
Bank balances and cash		**1,168,293**	80,796
		1,917,632	1,074,739
CURRENT LIABILITIES			
Trade and other payables	*13*	**350,019**	829,542
Amounts due to related parties		**—**	275,308
Bank and other borrowings		**87,058**	50,000
		437,077	1,154,850
NET CURRENT ASSETS (LIABILITIES)		**1,480,555**	(80,111)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,730,884**	149,401
CAPITAL AND RESERVES			
Paid-in capital/share capital		**211,656**	—
Reserves		**1,518,753**	148,926
TOTAL EQUITY		**1,730,409**	148,926
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**475**	475
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**1,730,884**	149,401

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2009

	2009	2008
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before taxation	**335,888**	148,797
Adjustments for:		
Finance costs	**3,051**	—
Interest income	**(392)**	(149)
Write-down of inventories	**170**	1,272
Depreciation of property, plant and equipment	**22,067**	10,631
Amortization of intangible asset	**—**	2,670
Release of prepaid lease payments	**181**	123
Losses on disposals of property, plant and equipment	**423**	64
Operating cash flows before movements in working capital	**361,388**	163,408
Decrease (increase) in inventories	**556,358**	(737,131)
Increase in trade and other receivables	**(313,453)**	(239,505)
(Decrease) increase in trade and other payables	**(470,161)**	797,541
Cash generated from (used in) operations	**134,132**	(15,687)
Interest paid	**(3,051)**	—
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**131,081**	(15,687)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(41,460)**	(103,603)
Increase in prepaid lease payments	**(11,622)**	—
Advances to related parties	**(4,389)**	(2,840)
Repayment from related parties	**2,840**	—
Interest received	**392**	149
Acquisition relating to Shandong Shengli acquisition	**—**	(32,500)
Acquisition relating to Shengli Steel Pipe acquisition	**—**	(84,010)
Proceeds on disposals of property, plant and equipment	**—**	240
NET CASH USED IN INVESTING ACTIVITIES	**(54,239)**	(222,564)

	2009	2008
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Proceeds from issue of shares	**1,164,108**	—
Transaction costs attributable to issue of shares	**(64,963)**	—
New bank and other borrowings raised	**87,058**	50,000
Repayments to related parties	**(133,998)**	(98,650)
Repayments of borrowings	**(50,000)**	—
Advances from related parties	**8,450**	398,875
Repayment of advances from staff	**—**	(32,104)
NET CASH FROM FINANCING ACTIVITIES	**1,010,655**	318,121
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,087,497**	79,870
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**80,796**	926
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**1,168,293**	80,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company (formerly known as Shengli Oil & Gas Pipe Holdings Ltd.) is a limited company incorporated in the Cayman Islands on 3 July 2009 and acts as an investment holding company. Its parent and ultimate holding company is Aceplus Investments Limited ("Aceplus"), a company incorporated in the British Virgin Island, for the two years ended 31 December 2009. Mr Yan Tangfeng is the ultimate controlling shareholder of the Company who holds the equity interest in the Company through his wholly owned investment in Aceplus for the two years ended 31 December 2009.

The Company changed its name from Shengli Oil & Gas Pipe Holdings Ltd. to Shengli Oil & Gas Pipe Holdings Limited and adopted the Chinese name of 勝利油氣管道控股有限公司 on 17 September 2009.

The address of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 43rd Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong, respectively.

The consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (the functional currency of the Company and the principal subsidiaries).

The Company acts as an investment holding company. The principal activities of the Group are manufacture, processing and sale of welded steel pipes for oil and gas pipelines and other construction and manufacturing applications.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 December 2009.

2. GROUP REORGANIZATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganization (the "Group Reorganization") to rationalize the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange (the "Listing"), the Company became the holding company of the Group on 28 October 2009 by interspersing the Company and Shengli (BVI) Ltd. ("Shengli (BVI)") between China Petro Equipment Holdings Pte Ltd. ("CPE") and Aceplus. Details of the Group Reorganization were set out in the prospectus dated 9 December 2009 issued by the Company (the "Prospectus").

The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the years ended 31 December 2008 and 2009 have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the two years ended 31 December 2009, or since the respective dates of incorporation of the relevant entity, where there is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2008 has been prepared to present the assets and liabilities of the companies now comprising the Group as at 31 December 2008 as if the current group structure had been in existence at that date.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied a number of new and revised standards, amendments to standards and interpretations ("new and revised IFRS") issued by the International Accounting Standards Board ("IASB").

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs issued in 2008[1]
IFRSs (Amendments)	Improvements to IFRSs issued in 2009[2]
IAS 24 (Revised)	Related Party Disclosures[5]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Rights Issues[3]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[6]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

Basis of combination

The consolidated financial statements incorporated the financial statements of the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial performance of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of business other than those under common control is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition of subsidiaries is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

5. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

Turnover represents the net amounts received and receivable during the two years ended 31 December 2009 for:

(1) sales of goods; and

(2) provision of processing service.

An analysis of the Group's turnover during the two years ended 31 December 2009 is as follows:

	2009	2008
	RMB'000	*RMB'000*
Revenue from		
— Sales of goods	**2,930,011**	985,482
— Provision of processing services	**69,081**	85,265
	2,999,092	1,070,747

(b) Segment information

For management purpose, the Group has two reportable segments: spiral submerged arc welded pipe operation ("SSAW Pipes Business") and cold-formed section steel operation ("Cold-formed Section Steel Business"). The SSAW Pipes Business segment produce spiral submerged arc welded pipes which are mainly used for the oil industry and the Cold-formed Section Steel Business produce the cold-formed section steel which are mainly used for infrastructure industry.

These reportable segments form the basis on which the Group's chief operating decision maker makes decision about resource allocation and performance assessment. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

For the year ended 31 December 2009:

Segment revenue and results

	SSAW Pipes Business *RMB'000*	Cold-formed Section Steel Business *RMB'000*	Total *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Turnover					
External sales	**2,918,185**	**80,907**	**2,999,092**	**—**	**2,999,092**
Internal sales	**—**	**1,255**	**1,255**	**(1,255)**	**—**
	2,918,185	**82,162**	**3,000,347**	**(1,255)**	**2,999,092**
Result					
Segment result	**366,194**	**(7,096)**	**359,098**	**—**	**359,098**
Interest income					**392**
Unallocated income					**80**
Unallocated expenses					**(20,631)**
Finance costs					**(3,051)**
Profit for the year					**335,888**

The inter-segment sales were based on agreed selling price between two parties.

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' fees, listing expenses, finance costs, foreign currency exchange gains/losses and items not directly related to the core business of segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other information

	SSAW Pipes Business *RMB'000*	Cold-formed Section Steel Business *RMB'000*	Total *RMB'000*	Unallocated items *RMB'000*	Consolidated *RMB'000*
Amounts included in the measurement of segment profit or loss or segment assets:					
Additions of property, plant and equipment	**30,858**	**1,240**	**32,098**	**—**	**32,098**
Additions of prepaid lease payments	**11,622**	**—**	**11,622**	**—**	**11,622**
Depreciation and amortization	**17,078**	**4,985**	**22,063**	**4**	**22,067**
Release of prepaid lease payments	**58**	**123**	**181**	**—**	**181**
Write-down of inventories	**—**	**170**	**170**	**—**	**170**
Losses on disposals of property, plant and equipment	**423**	**—**	**423**	**—**	**423**

Segment assets and liabilities

	SSAW Pipes Business *RMB'000*	Cold-formed Section Steel Business *RMB'000*	Total *RMB'000*
Segment assets	**879,942**	**101,731**	**981,673**
Unallocated assets			**1,186,288**
Total consolidated assets			**2,167,961**
Segment liabilities	**167,041**	**91,477**	**258,518**
Unallocated liabilities			**179,034**
Total consolidated liabilities			**437,552**

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than assets of head office and bank balances and cash. Goodwill is allocated to reportable segment.

- All liabilities are allocated to reportable segments other than liabilities of head office, bank and other borrowings and current and deferred tax liabilities.

For the year ended 31 December 2008:

Segment revenue and results

	SSAW Pipes Business *RMB'000*	Cold-formed Section Steel Business *RMB'000*	Total *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Turnover					
External sales	992,398	78,349	1,070,747	—	1,070,747
Internal sales	—	7,521	7,521	(7,521)	—
	992,398	85,870	1,078,268	(7,521)	1,070,747
Result					
Segment result	158,117	(8,247)	149,870	—	149,870
Interest income					149
Unallocated expenses					(1,222)
Profit for the year					148,797

Other information

	SSAW Pipes Business *RMB'000*	Cold-formed Section Steel Business *RMB'000*	Total *RMB'000*	Unallocated items *RMB'000*	Consolidated *RMB'000*
Amounts included in the measurement of segment profit or loss or segment assets:					
Additions of property, plant and equipment	126,433	3,364	129,797	13	129,810
Depreciation and amortization	8,865	4,435	13,300	1	13,301
Release of prepaid lease payments	—	123	123	—	123
Write-down of inventories	—	1,272	1,272	—	1,272
Losses on disposals of property, plant and equipment	64	—	64	—	64

Segment assets and liabilities

	SSAW Pipes Business *RMB'000*	Cold-formed Section Steel Business *RMB'000*	Total *RMB'000*
Segment assets	1,098,918	115,825	1,214,743
Unallocated assets			89,508
Total consolidated assets			1,304,251
Segment liabilities	738,395	82,307	820,702
Unallocated liabilities			334,623
Total consolidated liabilities			1,155,325

Geographical information

All of the Group's revenue were derived from customers in the PRC. All of the non-current assets of the Group are located in the PRC by location of assets, therefore, no geographical information is presented.

Information about major customers

For the year ended 31 December 2009, revenue from two customers (2008: one customer) of the Group amounting to RMB2,122,132,000 (2008: RMB763,829,000) and RMB500,242,000, respectively had individually accounted for over 10% of the Group's total revenue. The revenue from these customers related to SSAW Pipes Business segment.

6. OTHER INCOME

	2009 ***RMB'000***	2008 *RMB'000*
Other income comprises:		
Gain on sales of scrap materials	**47,152**	23,560
Loading service income	**2,764**	—
Quality inspection service income	**743**	1,150
Interest income	**392**	149
Exchange gains (net)	**66**	—
Gain on sales of surplus materials	**42**	9,548
Rental income	**—**	1,163
Others	**197**	571
	51,356	36,141

7. FINANCE COSTS

	2009 ***RMB'000***	2008 *RMB'000*
Finance costs comprise:		
Interest on bank and other borrowings wholly repayable within one year	**3,051**	—

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2009	2008
	RMB'000	*RMB'000*
Staff cost (including directors):		
— Salaries and wages	**43,209**	30,404
— Retirement benefit scheme contributions	**5,462**	1,905
	48,671	32,309
Depreciation and amortization:		
— Property, plant and equipment	**22,067**	10,631
— Intangible asset	**—**	2,670
	22,067	13,301
Release of prepaid lease payments	**181**	123
Cost of inventories recognized as an expense *(note below)*	**2,657,043**	935,241
Exchange losses, net	**—**	797
Auditors' remuneration	**1,300**	224
Losses on disposals of property, plant and equipment	**423**	64

Note: Included in the cost of inventories recognized as an expense is an amount of RMB170,000 for the year ended 31 December 2009 (2008: RMB1,272,000), related to the write-down of closing inventories.

9. INCOME TAX EXPENSES

	2009	2008
	RMB'000	*RMB'000*
Income tax expenses comprise:		
Current tax:		
PRC enterprise income tax ("EIT")	**—**	—

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the two years ended 31 December 2009.

The statutory tax rate of CPE, a subsidiary of the Company incorporated in the Republic of Singapore ("Singapore"), was 18% for the year ended 31 December 2008 and 31 December 2009. No provision for Singapore Income Tax has been made in the consolidated financial statements as the income of the Group neither arising in nor derived from Singapore.

The statutory tax rate of Shandong Shengli Steel Pipe Co., Ltd. ("Shangdong Shengli"), a subsidiary of the Company established in the PRC, was 25% for the years ended 31 December 2008 and 31 December 2009. Shandong Shengli is entitled to an exemption from income tax for the two years commencing from its first profit-making year of operations and thereafter, entitled to a 50% relief for the subsequent three years. Shandong Shengli has been entitled to and enjoyed the first and second exemption year in year 2008 and 2009.

The charge during the two years ended 31 December 2009 can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2009		2008	
	RMB'000	*%*	*RMB'000*	*%*
Profit before taxation	**335,888**		148,797	
Tax at the PRC EIT rate *(note (a) below)*	**83,972**	**25**	37,199	25
Effect of expenses that are not deductible for tax purposes	**3,997**	**—**	398	—
Tax effect of tax loss not recognized	**1,534**	**—**	303	—
Effect of tax exemption	**(89,503)**	**(25)**	(37,900)	(25)
	—	**—**	—	—

Notes:

a. The PRC EIT rate represents the income tax rate applicable to Shandong Shengli, the Group's principal operating subsidiary throughout the two years ended 31 December 2009.

b. In accordance to PRC tax circular (Guoshuihan [2008] 112) effective from 1 January 2008, PRC withholding income tax at the rate of 10% is applicable to dividends to be payable by the Company's PRC operating subsidiaries based on their profits generated from 2008 onwards to "non-resident" investors who do not have an establishment or place of business in the PRC. According to the "Agreement between the Government of the People's Republic of China and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income", where the Singapore resident company directly owns at least 25% of the capital of the PRC company, 5% dividend withholding tax rate is applicable.

   At 31 December 2008 and 31 December 2009, the aggregate amount of temporary differences associated with undistributed earnings of PRC subsidiaries for which deferred tax liabilities have not been recognized was RMB87 million and RMB457 million, respectively. No liability has been recognized in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and the Company, the shareholder of Shandong Shengli, the Group's principal operating subsidiary, has resolved that the profit from its operations for the two years ended 31 December 2009 will be retained and not be distributed. Therefore, it is probable that such differences will not reverse nor subject to withholding tax in the foreseeable future.

c. No deferred tax assets have been recognized for tax loss of RMB6,135,000 (2008: RMB1,212,000) derived from a subsidiary of the Group as the management of the Group is of the view that it is not probable that taxable profits of this subsidiary will be available against which tax loss can be utilized.

10. DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0176 per share (equivalent to HKD0.02 per share) (2008: Nil)	**43,801**	—
	43,801	—

On 16 April 2010, the directors proposed a final dividend of RMB0.0176 per share (equivalent to HKD0.02 per share) for the year ended 31 December 2009 to all equity shareholders of the Company which will be charged to the share premium accounts for the shareholders' approval at the forthcoming annual general meeting.

No dividend had been paid or declared by the Company during the year ended 31 December 2008.

The above mentioned final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the two years ended 31 December 2009 is based on the consolidated profit attributable to owners of the Company for the respective years and the weighted average number of shares of 1,083,287,671 (2008: 900,000,000), which is determined on the basis that 100,000 shares issued and outstanding upon the Group Reorganization had been in effective at 1 January 2008, and had taken into account of the 100,000 shares issued and outstanding upon the capitalization of shareholder's loans on 28 October 2009 and also has been adjusted for the effect of 1,799,800,000 shares issued pursuant to the capitalization issue.

There was no diluted earnings per share presented for both years as there were no potential shares outstanding.

12. TRADE AND OTHER RECEIVABLES

	Notes	**2009** *RMB'000*	2008 *RMB'000*
Trade receivables	a		
— Related parties		**—**	6,286
— Non-related parties		**424,776**	118,221
		424,776	124,507
Notes receivable		**12,130**	5,895
		436,906	130,402
Advance to suppliers	b	**38,352**	47,934
Tender deposit to customer		**1,371**	—
Others		**12,368**	518
		488,997	178,854

Notes:

a. TRADE RECEIVABLES

The trade receivables as at 31 December 2008 and 31 December 2009 comprise amounts receivable from the sales of goods and provision of processing services during the respective years.

No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customers' quality and determining the credit limits for that customer.

The Group generally allows a credit period of 90 days to its trade customers. All of the notes receivable are within 90 days. The aged analysis of the Group's trade receivables as at the end of both of the reporting years are as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 90 days	**401,014**	123,283
Over 90 days but within 1 year	**23,708**	1,224
Over 1 year	**54**	—
	424,776	124,507

Aging of trade receivables which are past due but not impaired are as follows:

	2009	2008
	RMB'000	*RMB'000*
Over 90 days but within 1 year	**23,708**	1,224
Over 1 year	**54**	—
	23,762	1,224

The Group did not provide any allowance on the past due receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

The Group's trade and other receivables denominated in currencies other than functional currency of the relevant group entities as at 31 December 2009 was nil (2008: nil).

b. ADVANCE TO SUPPLIERS

The Group's advance to suppliers mainly comprise deposits for purchase of raw materials.

13. TRADE AND OTHER PAYABLES

	Notes	2009 RMB'000	2008 RMB'000
Trade payables	a		
— Related parties		**4,364**	2,903
— Non-related parties		**230,158**	65,243
		234,522	68,146
Receipt in advances from customers	b	**4,458**	732,614
Payable on acquisition of property, plant and equipment		**9,824**	19,186
Other tax payables	c	**75,597**	5,976
Listing expenses payables		**14,055**	—
Others		**11,563**	3,620
		350,019	829,542

Notes:

a. TRADE PAYABLES

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit of 90 days from the time when the goods are received from suppliers.

The aged analysis of the Group's trade payables as at the end of both of the reporting years are as follows:

	2009 RMB'000	2008 RMB'000
Within 3 months	**180,741**	27,276
Over 3 months but within 1 year	**44,651**	40,870
Over 1 year	**9,130**	—
	234,522	68,146

b. RECEIPT IN ADVANCES FROM CUSTOMERS

The Group's receipt in advances from customers mainly comprise deposits for supply of goods to customers.

c. OTHER TAX PAYABLES

Included in the other tax payable is an amount of RMB74,567,000 (2008: RMB5,557,000) as at the end of the reporting year related to VAT payable.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company is one of the largest oil and gas line pipe manufacturers in China, principally engaged in two business segments: SSAW pipes and cold-formed section steel.

SSAW Pipes Business

Despite being the world's second highest energy consumer, China is far behind other countries in respect of infrastructure construction. In 2009, China's oil and gas consumption only accounted for about 50% of the consumption of the U.S., while its total pipeline length was less than 10% to that of the U.S. Compared with developed countries, the oil and gas pipeline infrastructure of China obviously cannot catch up with its energy consumption. However, the relatively underdeveloped state suggests that pipeline related business is well positioned for rapid development.

Extensive networks of long-distance pipelines are necessary as China's oil and gas reserves are predominately located in western China.

The major product of the Company, SSAW pipes, are especially suitable for installing in oil and gas pipelines to transport crude oil, petroleum products and natural gas due to their tolerance to high temperature and pressure and their impact strength. According to Tubular Goods Research Center of CNPC, approximately 70% of major pipelines in China are constructed using SSAW pipes that were manufactured in China. The remaining 30% of China's major pipelines are composed of LSAW and ERW pipes. From these figures, it can be seen that the demand and development potential for SSAW pipes are tremendous.

The Company has supplied SSAW pipes to substantially all of China's major long-distance oil and gas pipeline projects, including China's first transnational crude oil pipeline and China's first transnational natural gas pipeline. Meanwhile, the Company is the only privately owned SSAW pipes provider among the few approved suppliers to China's major oil and gas companies. Our major customers, CNPC and Sinopec, accounting for over 90.3% of the Group's turnover for year 2009. As of 31 December 2009, the Company's SSAW pipes formed approximately 15,000 km of the world's major oil and gas pipelines, of which 93.5% have been installed domestically and 6.5% have been installed overseas.

For the year ended 31 December 2009, turnover from the sales of SSAW pipes was RMB2,600.3 million, accounting for 89.1% of the total turnover of SSAW pipes business, representing a 191.4% increase over the same period last year. Turnover from processing services of SSAW pipes decreased by RMB16.3 million from last year to RMB68.6 million, accounting for 2.4% of the total turnover of SSAW pipes business, whereas turnover from anti-corrosion treatments of SSAW pipes was RMB249.3 million, accounting for 8.5% of the total turnover of SSAW pipes business, representing a 1,543.62% increase over the same period last year.

The utilisation rate for SSAW pipes increased from 77.7% in 2008 to 83.7% in 2009.

Cold-formed Section Steel

In addition to the major business of SSAW pipes, the Company also utilizes welding technologies and different equipment to produce cold-formed section steel. Cold-formed section steel allows the shaping of steel at room temperature without the application of heat, resulting in less waste material. It is one of the major materials applied in modern construction. Our cold-formed section steel is mainly used in the construction industry and the manufacture of trucks and containers.

In order to effectively make use of the production facilities and to increase the diversity of products, the production lines of the Company can be reconfigured to manufacture square and rectangular tubes, round steel pipes as well as other cold-formed section steel. At present, the Company has three cold-formed section steel production lines with an annual production capacity of 60,000 tonnes.

During 2007, 95% of the Company's cold-formed section steel was exported. However, due to the changes in tax policy, the Company has adjusted its sales strategy and focused on the local market. Given the lower market price in China than the export price, the operation of cold-formed section steel had recorded loss in the past. Last year, all countries have gradually started to emerge from the clouds of financial tsunami and China's economic development, especially, continues to grow in a stable and rapid pace. The increase in national infrastructure construction also led to the improvement in sales of cold-formed section steel in the second half of 2009.

For the year ended 31 December 2009, turnover from the sales of cold-formed section steel was RMB80.4 million, accounting for 99.4% of the total turnover of cold-formed section steel, representing a 3.2% increased over the same period last year, whereas income from processing services of cold-formed section steel increased 24.1% from last year to RMB0.5 million, accounting for 0.6% of the total turnover of cold-formed section steel.

Prospect

China is currently in the stage of rapid growth. Large diameter line pipes have been used in national oil and gas pipelines to increase transportation efficiency, generating additional business for line pipe manufacturers.

Small and medium-sized cities and rural areas in China generally have limited access to piped gas. However, the rapid urbanization of China will substantially increase the demand for piped gas. Besides, the PRC Government has been promoting the consumption of gas instead of other energy sources and aims to increase national gas consumption levels to 8% of overall energy consumption in China within the next ten years. The national and lateral pipelines in China will experience rapid growth in the next five years. According to the estimates stated in the TGRC Report, the construction of regional pipelines has entered a phase of high growth, and the total length of regional natural gas pipelines in China will increase by approximately 20,000 to 30,000 km each year in the short to medium term.

As one of the largest oil and gas line pipe manufacturers in China, the Company has initiated the construction of two SSAW pipes production lines with a total annual capacity of 100,000 tonnes, which are expected to be completed in the first half of 2010. The Company also intends to construct two other SSAW pipes production lines with more advanced precision technology and with a total annual capacity of 360,000 tonnes, and two anti-corrosion production lines with a total annual capacity of 4.8 million sq.m., in order to meet the continuously rising demand. At the same time, the Company will strive to diversify its products by expanding its capacity in the design and production of LSAW pipes and ERW pipes. The Company plans to construct one production line with an annual production capacity of 200,000 tonnes to produce large-diameter LSAW pipes with thicker walls, which are generally installed in large-diameter national oil and gas pipelines. The Company also plans to upgrade our existing cold-formed section steel production lines into an ERW pipe production line with an annual production capacity of 100,000 tonnes, which are generally installed in small-diameter oil and gas pipelines. The expected construction periods for the above new production lines vary from ten to 18 months and will share a similar customer base with that relating to SSAW pipes.

Moreover, with the competitive edges of its brand, investment, quality, management as well as capital, the Company is seeking rapid development through strategic alliances, joint venture and acquisition.

Financial Review

Revenue

Revenue of the Group increased by 180.1% from RMB1,070.7 million for the year ended 31 December 2008 to RMB2,999.1 million for the year ended 31 December 2009. The significant increase was primarily due to the substantial increase in sales of SSAW pipes.

The Group generated RMB2,918.2 million from its SSAW pipe operations for the year ended 31 December 2009, representing a 194.1% increase from RMB992.4 million for the year ended 31 December 2008. The substantial increase in SSAW pipe revenue was mainly due to (i) increase in the production as a result of introduction of two new SSAW production lines and two anti-corrosion lines; (ii) increase in sales orders and consequently increase in sales volume increased from 219,110 tonnes in 2008 to 486,273 tonnes in 2009. At the same time the Group's anti-corrosion processing revenue increased of RMB234.1 million in 2008 to RMB249.3 million in 2009; (iii) the shift to sales of goods arrangements in the SSAW pipe operations. In 2009, the Group delivered 379,000 tonnes of pipes under sales of goods arrangement, as opposed to 122,000 tonnes in 2008. The volume of SSAW pipes that the Group supplied increased substantially from approximately 219,110 tonnes in 2008 to approximately 486,273 tonnes in 2009 because the Group won large bids to supply SSAW pipes to the Second West-East Gas Pipeline and began delivering such products in November 2008. In addition increased sales orders from Central Asia-China Natural Gas Pipeline and Yulin — Puyang — Jinan Gas Pipeline also contributed to the increase in the Group's revenue.

The Group generated RMB80.9 million from its cold-formed section steel operations in 2009, representing a 3.3% increase from RMB78.3 million in 2008, primarily due to the Group's gradual opening up of the local market and the establishment of good relationships with the Group's customers.

Cost of sales

The Group's cost of sales increased by 184.1% from RMB935.2 million in 2008 to RMB2,657.0 million in 2009, primarily due to (i) increase in production and sales volume due to increase in production capacity (ii) an increase in sales of goods as opposed to provision of processing services; and labour costs also increased due to an increase in the headcount of direct workers and higher average compensation for employees. Other cost of sales increased in 2009, as compared with 2008, due to the increased factory rental and depreciation of property, plant and equipment that are used for the production of SSAW pipes.

Gross profit

As a result of the foregoing, the gross profit of the Group increased significantly from RMB135.5 million in 2008 to RMB342.0 million in 2009. However, the gross profit margin of the Group decreased from 12.7% in 2008 to 11.4% in 2009 primarily due to an increase in sales of goods relative to its total sales volume. Under sales of goods arrangements, the Group generates significantly higher revenue than from the provision of processing services, but gross profit under the two arrangements are comparable. In 2009, sales of goods contributed to 61.4% (2008: 47.5%) of gross profit of SSAW pipe operation, which was then followed by anti-corrosion treatment of 25.9% (2008: 3.6%), the remaining of 12.7% (2008: 48.9%) of gross profit was derived from provision of processing services.

Other income

Other income of the Group increased moderately from RMB36.1 million in 2008 to RMB51.4 million in 2009 as a result of an increase in gain on sales of scrap materials. The increase in gain on sales of scrap materials was due to an increase in production volume, partly offset by a decrease in gain on sales of surplus materials due to a decrease in steel prices.

Selling and distribution expenses

Selling and distribution expenses of the Group increased from RMB6.0 million in 2008 to RMB16.5 million in 2009. The increase was mainly due to an increase in transportation costs as a result of increase in certain sales contracts under which the Group would bear the transportation costs. However, the Group had factored such costs in the selling price.

Administrative expenses

The Group's administrative expenses increased by 126.2% from RMB16.8 million in 2008 to RMB38.0 million in 2009. The increase in administrative expenses was a result of an increase in such expenses of CPE, an indirect subsidiary, and the fees and expenses relating to the Group's 2009 listing in Hong Kong.

Finance costs

The Group incurred finance costs of RMB3.1 million in 2009, which represented interest on bank and other borrowings, which were payable within one year.

Income tax expenses

The Group incurred nil income tax expenses for 2008 and 2009. As a foreign invested enterprise, the Group is eligible for certain tax holidays and concessions as well as a two-year exemption from PRC enterprise income tax beginning in 2008, which was its first profitable year, followed by a 50% reduction for the subsequent three years.

Profit for the year

As a result of the foregoing factors, the profit of the Group increased by RMB187.1 million from RMB148.8 million in 2008 to RMB335.9 million in 2009.

Analysis of inventory, trade receivable and trade payable turnover

The following table sets forth the turnover days of inventories, trade receivables and trade payables of the Group for the years indicated:

	Year ended 31 December 2009 *(Days)*	Year ended 31 December 2008 *(Days)*
Average turnover days of inventories	**72.3**	174.6
Average turnover days of trade receivables	**33.0**	31.2
Average turnover days of trade payables	**20.5**	16.0

Inventories

Our inventory generally consists of raw materials used in our production, work-in-progress and finished products. The Group's average turnover days of inventory for 2009 and 2008 were 72.3 days and 174.6 days, respectively. The following table sets forth the breakdown of the inventory of the Group as of the dates indicated:

	Year ended 31 December 2009 *(RMB'000)*	Year ended 31 December 2008 *(RMB'000)*
Raw materials	**117,795**	315,797
Work-in-progress	**7,897**	895
Finished goods	**129,906**	495,434
Total	**255,598**	812,126

As of 31 December 2009 and 31 December 2008, the Group had inventories of RMB255.6 million and RMB812.1 million, respectively. During the years ended 31 December 2008 and 2009, we supplied significantly more oil and gas line pipes to the CNPC Group and other customers through sales of goods arrangements, as opposed to processing services, which incurred significant inventories because, under a contract to sell goods, we own the raw materials, work-in-progress and any undelivered finished goods in connection with the contract. Our inventories as of 31 December 2009 decreased from the balance on 31 December 2008 following the delivery of SSAW pipes, which substantially reduced our inventory of finished goods.

Trade receivables

Turnover days of the Group's trade receivables were 33.0 days and 31.2 days for the years ended 31 December 2009 and 31 December 2008, respectively. Our credit policy did not change substantially.

Our trade receivables mainly represent the credit sales of our product to be paid by customers.

We generally grant a 90-day credit period to our customers. In addition, we have adopted a series of policies and efforts to manage the collection of our trade receivables, such as imposing stringent credit standards, conducting credit checks and closely monitoring our overdue trade and bills receivables. The following table sets forth an aged analysis of trade receivables of the Group as of the dates indicated:

	Year ended 31 December 2009 ***(RMB'000)***	Year ended 31 December 2008 *(RMB'000)*
Outstanding balance with ages:		
Within 90 days	**401,014**	123,283
Over 90 days but within 1 year	**23,708**	1,224
Over 1 year	**54**	—
Total	**424,776**	124,507

The Group's trade receivables as of 31 December 2009 and 31 December 2008 was RMB424.8 million and RMB124.5 million, respectively. In the fourth quarter of 2009 and 2008, we supplied more oil and gas line pipes to the CNPC Group and other customers as sales of goods, as opposed to provision of processing services. As a result, we incurred significantly large trade receivables as of 31 December 2009 and 31 December 2008.

Trade payables

Turnover days of the Group's trade payables were 20.5 days and 16.0 days for the year ended 31 December 2009 and 31 December 2008, respectively.

Payment for most of our raw materials and components are due within 90 days of delivery and acceptance. The following table sets forth an aged analysis of trade payables and bill payables of the Group as of the dates indicated:

	Year ended 31 December 2009 ***(RMB'000)***	Year ended 31 December 2008 *(RMB'000)*
Outstanding balance with ages		
Within 90 days	**180,741**	27,276
Over 90 days but within 1 year	**44,651**	40,870
Over 1 year	**9,130**	—
Total	**234,522**	68,146

Trade payables of the Group as of 31 December 2009 and 31 December 2008 were RMB234.5 million and RMB68.1 million, respectively. In 2008 and 2009, we supplied a large number of oil and gas line pipes to the CNPC Group and other customers on a basis of sales of goods, as opposed to provision of processing services. As a result, we assumed the responsibility to procure the raw materials for our production and incurred large trade payables. The increase in the trade payables in 2009 as compared to 2008 was largely due to increase in purchases from China Petroleum Materials and Equipment Corporation for the Second West-East Gas Pipeline and other projects.

Analysis of net current assets and liabilities

The following table sets forth the current asset and current liability positions of the Group as of the dates indicated:

	Year ended 31 December 2009 ***(RMB'000)***	Year ended 31 December 2008 *(RMB'000)*
Current assets		
Inventories	**255,598**	812,126
Trade and other receivables	**488,997**	178,854
Amounts due from related parties	**4,389**	2,840
Prepaid lease payments	**355**	123
Bank balances and cash	**1,168,293**	80,796
Total current assets	**1,917,632**	1,074,739
Current liabilities		
Trade and other payables	**350,019**	829,542
Amounts due to related parties	—	275,308
Bank and other borrowings	**87,058**	50,000
Total current liabilities	**437,077**	1,154,850
Net current assets (liabilities)	**1,480,555**	(80,111)

The Group's net liability position as of 31 December 2008 was the result of (i) an increase of RMB75.4 million in the amount due to Shengli Steel Pipe, which represented advances for general working capital purposes, (ii) a loan of RMB138.0 million from Aceplus for working capital and business expansion purposes, and (ii) bank borrowings of RMB50.0 million.

Our trade and other receivables balance as of 31 December 2009 increased by 173.4% from the balance as of 31 December 2008. The significant increase in trade and other receivables was in line with our sales volume and revenue growth during 2009. Our revenue generated in 2009 represented a 180.1% increase over total revenue generated in 2008.

As of 31 December 2009, we had net current assets of RMB1,480.6 million. The Group's net current asset position was primarily the result of (i) an increase in bank balance and cash of RMB1,087.5 million mainly from proceed of IPO, (ii) the capitalization of a loan of RMB146.5 million from Aceplus for Shares of the Company and (iii) the settlement of amounts due to other related parties.

Capital expenditures

We incurred capital expenditures for the acquisition of property, plant and equipment, the expansion of our production facilities and purchase of machinery for the manufacture of our steel pipe products.

Capital expenditures during the historical periods were primarily related to property, plant and equipment.

The following table sets forth the capital expenditures of the Group:

	Year ended 31 December 2009 *(RMB'000)*	Year ended 31 December 2008 *(RMB'000)*
Capital expenditure		
Purchase of property, plant and equipment	**32,098**	129,810

Indebtedness

Borrowings

The following table sets forth information of the Group's bank and other borrowings:

	Year ended 31 December 2009 *RMB'000*	Year ended 31 December 2008 *RMB'000*
Bank borrowings due within one year:		
— Secured	**15,000**	—
— Unsecured	**65,000**	50,000
Unsecured other borrowing due within one year	**7,058**	—
	87,058	50,000

All of our bank and other borrowings are at fixed interest rates and repayable within one year. The following table sets forth the annual interest rates of our bank and other borrowings:

	Effective interest rate per annum	
	2009	2008
	%	*%*
Effective interest rates:		
Fixed-rate bank and other borrowings	**4.86% to 5.31%**	5.31%

As at 31 December 2008, bank borrowings amounting to RMB50,000,000 were guaranteed by a related party, Shengli Steel Pipe. The guarantees were fully released during the year ended 31 December 2009.

As at 31 December 2009, the Group's bank borrowings amounting to RMB15,000,000 (2008: Nil) were secured by the Group's property, plant and equipment and land use rights, which had carrying amounts at 31 December 2009 of approximately RMB27,385,000 (2008: Nil) and RMB5,894,000 (2008: Nil), respectively.

The following discussion should be read along with the financial information and its notes of the Group, which were included in this report.

Financial management and treasury policy

As at 31 December 2009, saved for the net proceeds from the Share Offer, our Group's turnover, expenses, assets and liabilities were substantially denominated in Renminbi ("RMB"). Our Directors consider currently our Group has limited foreign currency exposure and has not entered into any hedging arrangement, we would closely monitor the foreign currency movement.

As at 31 December 2009, the net proceeds we obtained from initial public offering was approximately RMB1,098.5 million, such amount had not been utilized as at 31 December 2009. As at 31 December 2009, the proceeds from the Share Offer that were not already used for the intended purposes had been placed with a financial institution in Hong Kong. After the exercise of over-allotment option on 13 January 2010, the net proceeds amounted to RMB168.2 million. We intend to apply the proceeds in same manner as we disclosed in the prospectus.

The Group will continue to pursue a prudent treasury management policy and is in a strong liquidity position with sufficient cash to cope with daily operations and future development demands for capital. With the strong cash and bank balances, our Group is in a net cash position and has not entered into any hedging arrangement.

Liquidity and financial resources

As of 31 December 2009, cash and bank balances of the Group amounted to approximately RMB1,168.3 million (2008: approximately RMB80.8 million).

As of 31 December 2009, the Group had bank and other borrowings of approximately RMB87.1 million (2008: RMB50 million), among which RMB15 million was secured by the Group's property, plant and equipment and land use rights.

The gearing ratio is defined as net debt (represented by borrowings net of time deposits and bank balances and cash) divided by shareholders equity. As at 31 December 2009, the Group is in a strong financial position with a net cash position amounting to RMB1,081.2 million (2008: RMB30.8 million). Accordingly, no gearing ratio is presented.

Charges and contingent liabilities

Other than the secured bank borrowings mentioned above, as at 31 December 2009, the Group had no other charges on its assets nor any material contingent liabilities.

Foreign exchange risk

For year 2009, none of the Group's sales were denominated in U.S. dollars or other foreign currencies. The Group did not utilize any forward contracts or other means to hedge its foreign currency exposure; however, the management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts are in place.

Employment and remuneration policy

The Group reviews its human resources and remuneration policies periodically with reference to local legislations, market conditions, industry practice and assessment of the performance of the Group and individual employees.

As at 31 December 2009, the Group employed a work force of 1,030 (including Directors) in Singapore, Hong Kong and in China. The total salaries and related costs (including the Directors' fees) for the year ended 31 December 2009 amounted to approximately RMB48.7 million (2008: RMB32.3 million).

Dividends

The Directors recommend the payment of dividends of RMB0.0176 per share (equivalent to HKD0.02 per share) for the year ended 31 December 2009 (2008: nil).

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to, among others, the final dividend for the year ended 31 December 2009, the register of members of the Company will be closed from 11 June 2010 to 18 June 2010 (both dates inclusive) during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 10 June 2010.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. The Board strived to uphold good corporate governance and adopt sound corporate governance practices. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, which have been adopted by the Group.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee with defined terms of reference to oversee the financial reporting procedures and internal controls of the Group during the year ended 31 December 2009. The Company has also established a nomination committee and a remuneration committee with defined terms of reference. The terms of reference of these Board committees are available upon request. From the listing date of 18 December 2009 to the year ended 31 December 2009, all code provisions set out in the Code were fulfilled by the Company.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions from the listing date of 18 December 2009 to the year ended 31 December 2009.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 21 November 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process. All members of the Audit Committee are appointed by the Board. The Audit Committee currently consists of three Directors, namely, Ms. Wong Wing Yee Jessie, Mr. Huo Chunyong and Mr. Teo Yi-Dar. Ms. Wong Wing Yee Jessie currently serves as the chairlady of our Audit Committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of our Group.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

SCOPE OF WORK OF MESSERS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE COMPANY AND OF THE STOCK EXCHANGE

This annual results amount is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.slogp.com). The annual report for the year ended 31 December 2009 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

APPRECIATE YOUR SUPPORT AND COMMITTED TO ACHIEVING THE GOAL

Finally, on behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, our customers and employees of the Company for their continuous support and encouragement for the success of the Company. The Company is positioned in the oil and related equipment and line pipe industry, and is closely related to national economic and strategic development. We are committed to using the highest quality and technical standards and fully utilizing every opportunity to become the pioneer in the global line pipe industry, maximizing the value and returns to shareholders.

By order of the Board
Shengli Oil & Gas Pipe Holdings Limited
Zhang Bizhuang
Executive Director

Zibo, Shandong, 16 April 2010

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Bizhuang, Mr. Wang Xu and Ms. Han Aizhi, the Non-executive Directors of the Company are Mr. Yan Tangfeng, Mr. Teo Yi-Dar, Mr. Ling Yong Wah and Mr. Ong Kar Loon (alternate Director to Mr. Ling Yong Wah), and the Independent Non-executive Directors of the Company are Mr. Huo Chunyong, Mr. Guo Changyu and Ms. Wong Wing Yee Jessie.