Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中國管業集團有限公司
CHINA PIPE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 380)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2009

The board of directors (the "Board") of China Pipe Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2009, together with the comparative figures for the corresponding year in 2008, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2009

	Note	**2009** HK$'000	2008 HK$'000
Revenue	*2*	**453,785**	701,766
Cost of sales		**(381,077)**	(534,856)
Gross profit		**72,708**	166,910
Other gains/(losses), net	*3*	**9,670**	(58,572)
Selling and distribution costs		**(12,705)**	(18,968)
General and administrative expenses		**(99,668)**	(112,627)
Operating loss	*4*	**(29,995)**	(23,257)
Finance costs, net	*5*	**(12,985)**	(13,611)
Loss before income tax		**(42,980)**	(36,868)
Tax credit/(expense)	*6*	**3,583**	(5,728)
Loss for the year		**(39,397)**	(42,596)
Attributable to:			
Equity holders of the Company		**(39,662)**	(42,596)
Minority interest		**265**	–
		(39,397)	(42,596)

	Note	2009	2008
		HK cents	HK cents
Loss per share	*7*		
Basic and diluted		**(0.31)**	(0.34)
		HK$'000	HK$'000
Dividend	*8*	**–**	2,507

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2009

	2009	2008
	HK$'000	HK$'000
Loss for the year	**(39,397)**	(42,596)
Other comprehensive income:		
Currency translation differences	**576**	12,144
Total comprehensive income for the year	**(38,821)**	(30,452)
Attributable to:		
Equity holders of the Company	**(39,092)**	(30,452)
Minority interest	**271**	–
	(38,821)	(30,452)

CONSOLIDATED BALANCE SHEET

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**118,485**	11,791
Land use rights		**30,535**	-
Goodwill		**22,787**	-
Investment properties		**185,231**	295,498
Deferred tax assets		**11,761**	-
Rental deposits and other assets		**3,061**	972
		371,860	308,261
Current assets			
Inventories		**180,448**	260,337
Trade and other receivables	*9*	**163,440**	189,374
Financial assets at fair value through profit or loss		**-**	22,493
Tax recoverable		**-**	893
Pledged bank deposits		**38,576**	20,000
Cash and cash equivalents		**55,784**	19,476
		438,248	512,573
Assets held-for-sale		**114,680**	-
		552,928	512,573
Total assets		**924,788**	820,834

CONSOLIDATED BALANCE SHEET

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
EQUITY			
Equity holders			
Share capital		**26,665**	25,065
Reserves – others		**388,385**	379,559
		415,050	404,624
Minority interest		**33,093**	-
Total equity		**448,143**	404,624
LIABILITIES			
Non-current liabilities			
Loan from a shareholder		**-**	29,651
Borrowings		**39,973**	134,155
Deferred tax liabilities		**18,736**	1,997
		58,709	165,803
Current liabilities			
Trade and other payables	*10*	**95,691**	83,223
Amount due to a related company		**23,449**	1,994
Amount due to a minority shareholder		**133**	–
Loan from a shareholder		**59,881**	–
Taxation payable		**631**	5,180
Borrowings		**238,151**	160,010
		417,936	250,407
Total liabilities		**476,645**	416,210
Total equity and liabilities		**924,788**	820,834
Net current assets		**134,992**	262,166
Total assets less current liabilities		**506,852**	570,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and are prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

Adoption of new and revised standards

The Group has adopted the following new and amended HKFRS, which are mandatory for accounting periods beginning on or after 1st January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 27 and HKFRS 1 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments : Disclosures
HKFRS 8	Operating Segments
HK (IFRIC) – Int 18	Transfer of Assets from Customers
Annual Improvements Project	Improvements to HKFRSs

The Group has assessed the impact of the adoption of these new standard, amendments to existing standards and interpretation and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements except the below.

HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements.

HKFRS 8, "Operating Segments". HKFRS 8 replaces HKAS 14, "Segment Reporting". It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board that makes strategic decisions.

The following new and revised standards, amendments to existing standards and interpretations have been published and are relevant to the Group's operation. They are mandatory for the Group's accounting periods beginning on or after 1st January 2010 or later periods, the Group has not early adopted them:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 (Amendment)	Additional Exemption for First-time Adopters
HKFRS 2 (Amendment)	Group Cash Settled Share-based Payment Transaction
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

Annual improvements to HKFRS published in May 2009

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 18 (Amendment)	Revenue
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instrument: Recognition and Measurement
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 (Amendment)	Operating Segments

The Group has already commenced an assessment of the impact of these new and revised standards, amendments to existing standards and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

2 SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board assesses the performance of the operating segments based on a measure of profit/(loss) attributable to equity holders of the Company.

The Group has three reportable segments, which are trading of pipes and fittings, manufacture and sale of seamless pipes and investment in properties for rental income. The segments are managed separately as each business offers different products and services. The accounting policies of the operating segments are the same as those described in the basis of preparation and accounting policies. The following summary describes the operations in each of the Group's reportable segments.

Trading of pipes and fittings include wholesale and retail operations in Hong Kong, mainland China and Macau.

Seamless pipes segment is contributed by a newly acquired subsidiary of the Group, 煙臺金裕豐無縫鋼管有限公司 ("Jinyufeng"), which manufactures and sells seamless pipes in mainland China.

Investment in properties for rental income includes properties held in Hong Kong and mainland China.

The segment information for the year ended 31st December 2009 and 2008 is as follows:

	For the year ended 31st December 2009						
	Reportable segments						
	Trading of pipes and fittings HK$'000	Seamless pipes HK$'000	Investment properties HK$'000	Inter-segment revenue HK$'000	Total HK$'000	Corporate and others (note) HK$'000	Group total HK$'000
Revenue	425,834	61,162	2,657	(35,868)	453,785	–	453,785
Operating (loss)/profit before interest	(12,918)	1,535	(1,717)	–	(13,100)	(16,895)	(29,995)
Interest income	57	60	2	–	119	–	119
Interest expenses	(2,363)	(1,082)	(3,812)	–	(7,257)	(5,847)	(13,104)
(Loss)/profit before income tax	(15,224)	513	(5,527)	–	(20,238)	(22,742)	(42,980)
Tax credit	2,072	149	1,362	–	3,583	–	3,583
(Loss)/profit for the year	(13,152)	662	(4,165)	–	(16,655)	(22,742)	(39,397)
Minority interest	–	(265)	–	–	(265)	–	(265)
(Loss)/profit attributable to equity holders of the Company	(13,152)	397	(4,165)	–	(16,920)	(22,742)	(39,662)
Operating (loss)/profit before interest includes:							
Depreciation and amortisation	1,992	1,563	745	–	4,300	137	4,437
Provision for impairment of trade and other receivables	8,793	–	–	–	8,793	11,291	20,084
Provision for impairment of inventories	13,290	–	–	–	13,290	–	13,290
Capital expenditure	613	3,421	3	–	4,037	61	4,098

	For the year ended 31st December 2008					
	Reportable segments					
	Trading of pipes and fittings HK$'000	Investment properties HK$'000	Inter-segment revenue HK$'000	Total HK$'000	Corporate and others (note) HK$'000	Group total HK$'000
Revenue	699,970	3,046	(1,250)	701,766	–	701,766
Operating profit/(loss) before interest	83,061	(32,492)	–	50,569	(73,826)	(23,257)
Interest income	160	4	–	164	26	190
Interest expenses	(8,872)	(4,693)	–	(13,565)	(236)	(13,801)
Profit/(loss) before income tax	74,349	(37,181)	–	37,168	(74,036)	(36,868)
Tax (expense)/credit	(9,498)	3,700	–	(5,798)	70	(5,728)
Profit/(loss) attributable to equity holders of the Company	64,851	(33,481)	–	31,370	(73,966)	(42,596)
Operating profit/(loss) before interest includes:						
Depreciation and amortisation	2,392	977	–	3,369	134	3,503
(Reversal)/provision for impairment of trade and other receivables	(128)	–	–	(128)	24,004	23,876
Provision for impairment of inventories	5,251	–	–	5,251	–	5,251
Capital expenditure	2,180	71,080	–	73,260	27	73,287

Note: The amounts mainly represent corporate administrative expenses of HK$9,620,000 (2008: HK$14,622,000), interest expenses of HK$5,847,000 (2008: HK$236,000) and results of other businesses including provision for impairment of other receivables of HK$11,292,000 (2008: HK$24,004,000) and fair value gains of financial assets at fair value through profit or loss of HK$5,728,000 (2008: losses of HK$29,798,000) not categorised as operating segments.

The segment assets and liabilities as at 31st December 2009 and 2008 are as follows:

	Reportable segments					
	Trading of pipes and fittings HK$'000	**Seamless pipes HK$'000**	**Investment properties HK$'000**	**Total HK$'000**	**Corporate and others (note) HK$'000**	**Group total HK$'000**
As at 31st December 2009						
Reportable segment assets	**325,782**	**285,653**	**304,436**	**915,871**	**8,917**	**924,788**
Reportable segment liabilities	**149,630**	**145,391**	**98,897**	**393,918**	**82,727**	**476,645**

	Reportable segments				
	Trading of pipes and fittings HK$'000	Investment properties HK$'000	Total HK$'000	Corporate and others (note) HK$'000	Group total HK$'000
As at 31st December 2008					
Reportable segment assets	477,039	319,130	796,169	24,665	820,834
Reportable segment liabilities	278,835	104,962	383,797	32,413	416,210

Note: The balances represent assets and liabilities of corporate and other businesses not categorised as operating segments. As at 31st December 2009, these balances principally include financial assets at fair value through profit or loss of nil (2008: HK$22,493,000), cash and cash equivalents of HK$7,556,000 (2008: HK$584,000), amount due to a related company of HK$21,067,000 (2008: nil) and loan from a shareholder of HK$59,881,000 (2008: HK$29,651,000).

Geographical information

The Group's revenue from external customers by geographical location are detailed below:

	Revenue	
	2009	2008
	HK$'000	HK$'000
Hong Kong	**384,528**	686,500
Mainland China	**63,165**	6,431
Others	**6,092**	8,835
	453,785	701,766

The Group's non-current assets (excluding financial assets and deferred tax assets) by geographical location are detailed below:

	2009	2008
	HK$'000	HK$'000
Hong Kong	**2,835**	106,396
Mainland China	**354,161**	200,830
Others	**42**	63
	357,038	307,289

3 OTHER GAINS/(LOSSES), NET

	2009 HK$'000	2008 HK$'000
Financial assets at fair value through profit or loss		
– fair value gains/(losses)	**5,728**	(29,798)
Fair value gains/(losses) on investment properties	**4,136**	(31,582)
Net exchange (losses)/gains	**(194)**	2,272
Net gain on disposal of property, plant and equipment	**–**	536
	9,670	(58,572)

4 EXPENSES BY NATURE

Operating loss is arrived at after charging:

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**361,908**	520,054
Auditor's remuneration	**1,325**	1,095
Depreciation of property, plant and equipment	**4,329**	3,503
Amortisation of land use right	**108**	-
Employee benefit expenses (including directors' emoluments)	**44,377**	60,071
Operating lease on land and buildings	**15,799**	15,718
Provision for impairment of trade and other receivables, net	**20,084**	23,876
Provision for impairment of inventories, net	**13,290**	5,251
Other expenses	**32,230**	36,883
	493,450	666,451
Representing:		
Cost of sales	**381,077**	534,856
Selling and distribution costs	**12,705**	18,968
General and administrative expenses	**99,668**	112,627
	493,450	666,451

5 FINANCE COSTS, NET

	2009	2008
	HK$'000	HK$'000
Bank interest income	**(119)**	(190)
Interest expense on loan from a shareholder	**5,362**	159
Interest expense on amount due to a related party	**580**	–
Interest expense on bank borrowings wholly repayable within five years	**3,843**	6,169
Interest expense on bank borrowings not wholly repayable within five years	**3,319**	7,473
	12,985	13,611

6 TAX CREDIT/(EXPENSE)

	2009	2008
	HK$'000	HK$'000
Current taxation:		
Hong Kong profits tax	**(903)**	(9,149)
Overseas tax	**(80)**	(414)
Over-provision in prior years	**427**	52
Total current tax	**(556)**	(9,511)
Deferred taxation:		
Origination and reversal of temporary differences	**4,139**	3,639
Impact of change in Hong Kong profits tax rate	**–**	144
Total deferred tax	**4,139**	3,783
Tax credit/(expense)	**3,583**	(5,728)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. The rates applicable for income tax in mainland China is 25% (2008: 25%) for the year ended 31st December 2009.

7 LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss attributable to equity holders and weighted average number of shares with adjustments where applicable as follows:

	2009	2008
	HK$'000	HK$'000
Loss attributable to equity holders for the purpose of basic loss per share	**39,662**	42,596
Number of shares	**Thousand**	Thousand
Weighted average number of ordinary shares for the purpose of basic loss per share	**12,644,481**	12,532,700

Share options issued in 2009 do not have any dilutive effect on the basic loss per share.

8 DIVIDEND

	2009	2008
	HK$'000	HK$'000
Final, proposed, Nil (2008: Nil)	–	–
Interim, paid, Nil (2008: HK0.02 cents per share)	–	2,507
	–	2,507

At a meeting held on 20th April 2010, the Board does not recommend a final dividend for the year ended 31st December 2009.

9 TRADE AND OTHER RECEIVABLES

During the year, the Group generally granted credit term of 90-120 days under the segment of trading of pipes and fittings and 60-90 days under the segment of seamless pipes. The ageing analysis of the trade receivables, based on the due date is as follows:

	2009	2008
	HK$'000	HK$'000
Within credit period	**90,986**	101,131
1 to 30 days	**25,447**	20,209
31 to 60 days	**4,734**	7,075
61 to 90 days	**2,290**	6,127
91 to 120 days	**487**	2,205
Over 120 days	**11,829**	9,097
	135,773	145,844

10 TRADE AND OTHER PAYABLES

The ageing analysis of the Group's trade payables is as follows:

	2009	2008
	HK$'000	HK$'000
Within 30 days	**18,619**	24,845
31 to 60 days	**3,854**	3,134
61 to 90 days	**5,588**	3,257
Over 90 days	**28,424**	15,644
	56,485	46,880

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31st December 2009, the Group recorded revenue of approximately HK$453.8 million (2008: HK$701.8 million), representing a decrease of 35% as compared with that in 2008. The loss attributable to equity holders of the Company was approximately HK$39.7 million in 2009, as compared with approximately HK$42.6 million last year. The basic loss per share was approximately HK0.31 cents (2008: HK0.34 cents).

Review of Operations

Trading of pipes and fittings

In the last quarter of 2008, Hong Kong economy had been inevitably affected by the global financial turmoil. The economic downturn and the tightening of liquidity led to a negative sentiment on the property market. Consequently, it brought adverse impact on the demand for construction materials. In the second half of 2009, however, the property market in Hong Kong had shown signs of recovery.

In 2009, the trading of pipes and fittings reported revenue (excluding inter group sales) of approximately HK$390.9 and a loss attributable to equity holders of the Company for the year amounting to approximately HK$13.2 million. The loss was mainly attributable to the decrease in gross profit margin and a specific provision for inventories amounting to approximately HK$11.8 million.

Manufacturing and sale of seamless pipes

In early November 2009, the Group completed an acquisition of 60% equity interests in a company, Jinyufeng, a leading manufacturer of seamless pipes in Yantai, Shandong Province, the mainland China. The purchase consideration was RMB18 million in cash plus an issue of 800,000,000 new shares of the Company. This acquisition has strengthened our earnings in terms of revenue and profit contribution from new product and would develop our business in the potential market in mainland China.

For the period from November to December 2009, seamless pipes segment reported revenue of approximately HK$61.2 million and profit attributable to equity holders of the Company of approximately HK$0.4 million.

Investment in properties

For the year ended 31st December 2009, the Group had recorded fair value gains of approximately HK$12.1 million on the investment properties held in Hong Kong and loss of approximately HK$8.0 million on vacant properties held in Shanghai.

At the end of 2009, the Group had initiated action to dispose of the investment properties in Hong Kong and the disposals with an aggregate amount of approximately HK$114.7 million, were completed in January and February 2010.

After year end, the Group has leased out some units of the retail shops located in Shanghai. As the Group is expecting to lease out more shops this year, the properties will generate more steady rental income and return to the Group in the future.

Prospects

The Group will strengthen our efforts to upgrade our products and services, develop new markets, and deepen our business relationship with our customers.

Since the completion of our acquisition of Jinyufeng in early November 2009, we have been rationalizing its operation. In particular, we have improved our sales strategy and focused on selling pipes to oil fields of energy related projects operated by major oil and gas companies in mainland China. Through this, we aim at improving the gross profit margin of Jinyufeng and accordingly the return to the Group.

In order to further improve return to our shareholders, the management is actively seeking investment opportunities in the Asia Pacific region.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 31st December 2009, the cash and bank balances of the Group were approximately HK$55.8 million (2008: HK$19.5 million). Basically the Group's working capital requirement has been financed by its internal resources. The Group believes that funds generated from operations and the available banking facilities will enable the Group to meet its future working capital requirements.

As at 31st December 2009, the Group had aggregate banking facilities of term loans and trade finance facilities of approximately HK$407.8 million (2008: HK$327.3 million) and approximately HK$308.1 million (2008: HK$303.0 million) were utilised. The Group's total bank borrowings stood at approximately HK$278.1 million (2008: HK$294.2 million) of which approximately HK$238.2 million (2008: HK$160.0 million) bank borrowings will be matured within one year.

Of the total HK$278.1 million bank borrowings at 31st December 2009, HK$243.8 million (2008: entire amount of HK$294.2 million) were subject to floating rates and HK$34.3 million were subject to fixed rate.

As at 31st December 2009, the Group had unsecured shareholder loans amounted to approximately HK$54.4 million, of which HK$49.4 million bearing interest at HK dollar prime rate plus 4.75% per annum and HK$5 million bearing interest rate at 1% per month.

The gearing ratio as measured by total debt to total equity maintained at approximately 81% as at 31st December 2009 and approximately 80% as at 31st December 2008.

As at 31st December 2009, 40% (2008: 82%) of the Group's total bank borrowings were denominated in HK dollars, 60% (2008: 18%) were denominated in Renminbi.

The Group conducts its business transactions mainly in Hong Kong dollar, Renminbi, United States dollar, Euro and Australian dollar. For the year under review, the Group has not entered into any derivative contracts or hedging transactions. In order to mitigate foreign exchange risk, however, the Group has been closely monitoring its foreign currency exposure and requirement and will arrange for any hedging facilities if necessary.

CHARGE ON ASSETS

As at 31st December 2009, certain assets of the Group held by subsidiaries with an aggregate carrying value of approximately HK$479.3 million (2008: HK$315.5 million) were pledged to banks for banking facilities obtained.

CONTINGENT LIABILITIES

As at 31st December 2009, a subsidiary of the Group in mainland China has provided a corporate guarantee in favour of a bank to support the banking facilities of HK$29.2 million (2008: nil) obtained by a third party.

STAFF AND EMPLOYMENT

As at 31st December 2009, the Group employed a total of 543 (2008: 193) employees. Total employee benefit expenses was approximately HK$44.4 million (2008: HK$60.1 million).

Remuneration schemes are reviewed annually and certain staff members are entitled to sales commission. In addition to the basic salaries and contributions to the mandatory provident fund, the Group also pays discretionary bonus and provides staff with other benefits including medical scheme for Hong Kong employees. The Group contributes to an employee pension scheme established by the PRC Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group in mainland China.

FINAL DIVIDEND

The Board does not recommend a final dividend for the year ended 31st December 2009 (2008: nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Other than the issue of 800,000,000 shares by the Company during the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December 2009, except for the following deviation:

Code Provision A.2.1

During the year, the roles of the Chairman and Chief Executive Officer of the Company were performed by the same individual, Ms. Wing Man Yi, until her resignation on 23rd February 2009. The Board met regularly to consider major matters affecting the operations of the Company.

The Company has taken step to comply with the code provision A.2.1 of the Code. On 23rd February 2009, Mr. Lai Guanglin was appointed as the Chairman and non-executive director of the Company. On 13th May 2009, Mr. Yu Ben Ansheng was appointed as executive director and Chief Executive Officer of the Company.

Code Provision A.4.1

During the year, none of the existing non-executive directors of the Company (excluding the independent non-executive directors of the Company) is appointed for a specific term, which constitutes a deviation from code provision A.4.1. However, all directors of the Company are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant to Company's bye-law 99 which was amended on 15th June 2006. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the provisions of the Code. Nevertheless, in view of good corporate governance practices, the non-executive directors of the Company have, after year end, entered into a letter of appointment with the Company for a term from 20th April 2010 to 31st December 2011 and that their term of appointment will be limited accordingly. As such, the Company has taken step to comply with the code provision A.4.1 of the Code.

AUDIT COMMITTEE

An audit committee of the Company currently consists of three independent non-executive Directors, namely Mr. Wong Yee Shuen, Wilson, Mr. Lau Kwok Ting and Ms. Wu Xiuru.

The annual results have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2009 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rule (the "Model Code"). Having made specific enquiry with all directors, all directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31st December 2009.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Company at www.chinapipegroup.com and the website of the Stock Exchange at www.hkexnews.hk. The 2009 annual report of the Company will be available at the websites of the Company and the Stock Exchange and despatched to shareholders of the Company in late April 2010.

By Order of the Board
China Pipe Group Limited
Lai Guanglin
Chairman

Hong Kong, 20th April 2010

As at the date of this announcement, the Board consists of Mr. Yu Ben Ansheng, Mr. Sam Ming Choy, Mr. Lai Fulin and Mr. Cai Shangwu as executive directors, Mr. Lai Guanglin, Mr. U Kean Seng and Mr. Zhao Yue as non-executive directors and Mr. Wong Yee Shuen, Wilson, Mr. Lau Kwok Ting and Ms. Wu Xiuru as independent non-executive directors.