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Agenda

- Financial Review 财务回顾
- Business Review 业务回顾
- Prospects 前景展望
- Q & A 问答
- Company Profile 公司简介
- Industry Overview 行业介绍
Financial Highlights

財務摘要

- **Revenue: RMB 617,431,000 (+45.0% YoY)**
  收入：人民币 617,431,000 元 (较去年同期增加45%)

- **Gross Profit: RMB 29,456,000 (+3.8% YoY)**
  毛利：人民币 29,456,000 元 (较去年同期增加 3.8%)

- **Gross Profit Margin: 4.8% (-1.9pt YoY)**
  毛利率：4.8%（较去年同期减少 1.9个百分点）

- **SSAW Gross Profit per Tonne: RMB 231 per Tonne (-17.3% YoY)**
  SSAW焊管吨毛利：人民币 231 元/吨（较去年同期减少17.3%）

- **Profit Attributable to Owners of the Parent: RMB 12,519,000 (+2.4% YoY)**
  本公司股东应占利润：人民币 12,519,000 元（较去年同期增加 2.4%）

- **Basic EPS Attributable to Equity Holders of the Parent: RMB 0.50 Cents (+2.0% YoY)**
  本公司股东应占每股基本盈利：0.5 分（较去年同期增加 2.0%）
Financial Highlights (Con.)

財務摘要(續)

- **Cash and Cash Equivalents:** RMB 376,692,000 (-1.3% YoY)
  現金及現金等價物：人民幣 376,692,000 元（較去年同期減少 1.3 %）

- **Net Debt-to-Equity Ratio (the Gearing Ratio):** 18.0% (0 pt HoH)
  資本負債比率：18.0%（與去年年度數據持平）

- **No Payment of Interim Dividend**
  不派發中期股息
## Financial Highlights

### (1) Income Statement Summary

<table>
<thead>
<tr>
<th>RMB'000</th>
<th>1H2012</th>
<th>1H2011</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>617,431</td>
<td>425,724</td>
<td>+45.0%</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>(587,975)</td>
<td>(397,335)</td>
<td>+48.0%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>29,456</td>
<td>28,389</td>
<td>+3.8%</td>
</tr>
<tr>
<td><strong>Other Income and Gains</strong></td>
<td>58,041</td>
<td>34,430</td>
<td>+68.6%</td>
</tr>
<tr>
<td><strong>Finance Costs</strong></td>
<td>(18,443 )</td>
<td>(4,314 )</td>
<td>+327.5%</td>
</tr>
<tr>
<td><strong>Profit before Tax</strong></td>
<td>16,022</td>
<td>18,199</td>
<td>-12.0%</td>
</tr>
<tr>
<td><strong>Income Tax Expenses</strong></td>
<td>(6,201)</td>
<td>(5,969)</td>
<td>+3.9%</td>
</tr>
<tr>
<td><strong>Profit and Total Comprehensive Income</strong></td>
<td>9,821</td>
<td>12,230</td>
<td>-19.7%</td>
</tr>
</tbody>
</table>
Financial Highlights (Con.)

(2) Balance Sheet Summary 資產負債表摘要

<table>
<thead>
<tr>
<th></th>
<th>2012 As at Jun. 30</th>
<th>2011 As at Dec. 31</th>
<th>HoH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>非流動資產</td>
<td>1,255,176</td>
<td>1,126,611</td>
<td>+11.4%</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>流動資產</td>
<td>1,909,621</td>
<td>1,915,880</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>流動負債</td>
<td>967,795</td>
<td>878,764</td>
<td>+10.1%</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>流動資產淨額</td>
<td>941,826</td>
<td>1,037,116</td>
<td>-9.2%</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>非流動負債</td>
<td>20,741</td>
<td>17,908</td>
<td>+15.8%</td>
</tr>
<tr>
<td><strong>Equity Attributable to Owners of the Parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>本公司股東應佔權益</td>
<td>2,021,080</td>
<td>2,027,940</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>總負債</td>
<td>988,536</td>
<td>896,671</td>
<td>+10.2%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>總資產</td>
<td>3,164,797</td>
<td>3,042,491</td>
<td>+4.0%</td>
</tr>
</tbody>
</table>
## Financial Ratios Analysis

### (1) Profitability Ratios 盈利能力比率

<table>
<thead>
<tr>
<th>RMB'000</th>
<th>1H2012</th>
<th>1H2011</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit Margin 毛利率</td>
<td>4.8%</td>
<td>6.7%</td>
<td>-1.9pt</td>
</tr>
<tr>
<td>Operating Profit Margin 營業利潤率</td>
<td>6.6%</td>
<td>6.1%</td>
<td>+0.5pt</td>
</tr>
<tr>
<td>Net Profit Margin 淨利率</td>
<td>1.6%</td>
<td>2.9%</td>
<td>-1.3pt</td>
</tr>
</tbody>
</table>

### (2) Operating Ratios 營運能力比率

<table>
<thead>
<tr>
<th>RMB'000</th>
<th>1H2012</th>
<th>1H2011</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days of Inventory Turnover 存貨周轉天數</td>
<td>115.4 (Days,天)</td>
<td>182.9 (Days,天)</td>
<td>-67.5 (Days,天)</td>
</tr>
</tbody>
</table>

### (3) Liquidity Ratios 流動能力比率

<table>
<thead>
<tr>
<th>RMB'000</th>
<th>2012.06.30</th>
<th>2011.12.31</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio 流動比率</td>
<td>1.97</td>
<td>2.18</td>
<td>-0.21</td>
</tr>
<tr>
<td>Quick Ratio 速動比率</td>
<td>1.61</td>
<td>1.73</td>
<td>-0.12</td>
</tr>
</tbody>
</table>

### (4) Solvency Ratios 債債能力比率

<table>
<thead>
<tr>
<th>RMB'000</th>
<th>2012.06.30</th>
<th>2011.12.31</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt to Equity Ratio 資本負債比率</td>
<td>18.0%</td>
<td>18.0%</td>
<td>0 pt</td>
</tr>
<tr>
<td>Total Debt to Assets Ratio 債務資產比率</td>
<td>31.2%</td>
<td>29.5%</td>
<td>1.7 pt</td>
</tr>
<tr>
<td>Total Debt to Equity Ratio 債務權益比率</td>
<td>45.4%</td>
<td>41.8%</td>
<td>3.6 pt</td>
</tr>
</tbody>
</table>
### Sales Breakdown

**Total Sales of SSAW Pipe**

- **1H2012**: 324,703 Tonnes
- **1H2011**: 552,396 Tonnes
- **YoY Increase**: 70.1%

**Total Sales of CFSS**

- **1H2012**: 101,021 Tonnes
- **1H2011**: 65,035 Tonnes
- **YoY Decrease**: 35.6%

### Sales Volume

<table>
<thead>
<tr>
<th></th>
<th>1H2012</th>
<th>1H2011</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSAW Pipe</td>
<td>82,132 Tonnes</td>
<td>65,066 Tonnes</td>
<td>+26.2%</td>
</tr>
<tr>
<td>Anti-corrosion</td>
<td>712,555 sq.m</td>
<td>542,430 sq.m</td>
<td>+31.4%</td>
</tr>
<tr>
<td>CFSS</td>
<td>15,101 Tonnes</td>
<td>21,098 Tonnes</td>
<td>-28.4%</td>
</tr>
</tbody>
</table>

* CFSS is the abbreviation of Cold-form Section Steel
Cost Breakdown
成本明細

By Business 按業務細分 (RMB’000)

- Total 總計: 397,335
  - 1H2011: 24,205
    - Anti-Corrosion: 96,715
    - CFSS: 276,415
  - 1H2012: 29,115
    - Anti-Corrosion: 64,654

By Category 按組成細分 (RMB’000)

- Total 總計: 582,852
  - 1H2011: 19,036
    - Others: 6,769
    - Indirect Labor: 371,530
  - 1H2012: 37,706
    - Others: 15,306
    - Direct Materials: 529,840
## Cost Breakdown (Con.)

### 成本明細（續）

<table>
<thead>
<tr>
<th></th>
<th>RMB’000</th>
<th>SSAW 螺旋焊管</th>
<th>CFSS 冷彎型鋼</th>
<th>Anti-Corrosion 防腐處理</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Materials</strong></td>
<td></td>
<td>444,143</td>
<td>61,335</td>
<td>24,362</td>
</tr>
<tr>
<td>直接原料</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Labors</strong></td>
<td></td>
<td>11,539</td>
<td>1,228</td>
<td>2,539</td>
</tr>
<tr>
<td>直接人工</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td>33,401</td>
<td>2,091</td>
<td>2,214</td>
</tr>
<tr>
<td>其他</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- SSAW 螺旋焊管: 7%
- CFSS 冷彎型鋼: 3%
- Anti-Corrosion 防腐處理: 8%
- Others: 91%
- Direct Labors: 95%
- Direct Materials: 84%

**Presentation for Investors**
<table>
<thead>
<tr>
<th>RMB’000,000</th>
<th>2011</th>
<th>1H2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>One set of SSAW pre-welding &amp; precision welding steel pipes production line (360,000 tonnes per year in Zibo)</td>
<td>279.6</td>
<td>49.5</td>
</tr>
<tr>
<td>Anti-corrosion service production lines and other expenditures in Zibo</td>
<td>10.9</td>
<td>34.7</td>
</tr>
<tr>
<td>LSAW and SSAW pipes production lines, joint-venture (200,000 tonnes of LSAW Pipes and 300,000 tonnes of SSAW per year in Xiangtan)</td>
<td>51.0</td>
<td>51.0</td>
</tr>
<tr>
<td>Two SSAW production lines (100,000 tonnes per year in Dezhou)</td>
<td>3.2</td>
<td>5.5</td>
</tr>
<tr>
<td>One SSAW pipes production line, joint-venture (150,000 tonnes per year in Xiangtan)</td>
<td>99.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>443.7</strong></td>
<td><strong>140.7</strong></td>
</tr>
</tbody>
</table>
Operational Review
### Production Facility Overview

#### Urumqi 烏魯木齊
- 1 SAW production line (150,000 tonnes per year)
  - 擁有一條年產能15萬噸的螺旋焊管生產線
- 2 SAW production lines to be established at the end of 2012 (300,000 tonnes per year)
  - 將於2012年年底建成二條年產能30萬噸的螺旋焊管生產線

#### Xiang Tan 湘潭
- 1 LSAW production line to be established in 2013 (200,000 tonnes per year)
  - 將於2013年建成一條年產能20萬噸的直縫焊管生產線
- 2 SAW production lines to be established at the end of 2012 (300,000 tonnes per year)
  - 將於2012年年底建成二條年產能30萬噸的螺旋焊管生產線

#### Dezhou 德州
- 4 SAW production lines (120,000 tonnes per year)
  - 擁有四條年產能共計12萬噸的螺旋焊管生產線
- 1 external coating line (1,200,000 sqm per year)
  - 擁有一條年產能120萬平方米的外防腐生產線

#### Zibo 淄博
- 5 SAW production lines (520,000 tonnes per year)
  - 擁有五條年產能共計52萬噸的螺旋焊管生產線
- One set of SAW pre-welding and precision-welding steel pipe production line (360,000 tonnes per year)
  - 擁有一套年產能36萬噸的預精焊螺旋焊管生產線
- 2 external coating lines and 2 internal coating lines (4,800,000 sqm per year)
  - 擁有2條外防腐及2條內防腐生產線，年產能共計480萬平方米

#### Rizhao 日照
- 3 cold-formed section steel production lines (60,000 tonnes per year)
  - 擁有三條年產能共計6萬噸的冷彎型鋼生產線
### National Project

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Third West-to-East Line 西气东输三线</td>
<td>15,992</td>
</tr>
<tr>
<td>Changqing-Huhhot Pipeline 长庆至呼和浩特管線</td>
<td>11,114</td>
</tr>
<tr>
<td>Sino-Myanmar Gas Pipeline 中缅管道国内段</td>
<td>8,544</td>
</tr>
<tr>
<td>Tianjing Crude Oil Pipeline 天津原油管線</td>
<td>1,573</td>
</tr>
<tr>
<td>Yizheng-Jiujiang Pipeline 儀征至九江</td>
<td>517</td>
</tr>
<tr>
<td>Others 其他</td>
<td>779</td>
</tr>
<tr>
<td><strong>Total 共计</strong></td>
<td><strong>38,519</strong></td>
</tr>
</tbody>
</table>

### Regional Project

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yantai Port - Zibo Pipeline 烟台港至淄博</td>
<td>17,366</td>
</tr>
<tr>
<td>Beijing Gas Pipeline Project 北京燃氣</td>
<td>4,092</td>
</tr>
<tr>
<td>Shanxi Gas Pipeline Project 山西天燃气项目</td>
<td>260</td>
</tr>
<tr>
<td>Others 其他</td>
<td>21,895</td>
</tr>
<tr>
<td><strong>Total 共計</strong></td>
<td><strong>43,613</strong></td>
</tr>
</tbody>
</table>

**Total sales volume of SSAW pipes increased by 26.2% 螺旋焊管總銷量同比增加26.2%**

1H2011: 65,066 Tonnes (55.6%)

1H2012: 43,613 Tonnes (46.9%)

Presentation for Investors
## Sales Volume – Anti-Corrosion

### Anti-Corrosion Service Project

<table>
<thead>
<tr>
<th>Project Description</th>
<th>S.M.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yantai Port - Zibo Pipeline 烟台港至淄博</td>
<td>263,560</td>
</tr>
<tr>
<td>The Third West-to-East Line (External Coating) 西气东输三线（外防腐）</td>
<td>112,421</td>
</tr>
<tr>
<td>The Third West-to-East Line (Internal Coating) 西气东输三线（内防腐）</td>
<td>109,027</td>
</tr>
<tr>
<td>China-Myanmar Pipelines (Domestic) 中缅管线（国内段）</td>
<td>83,654</td>
</tr>
<tr>
<td>Others 其他</td>
<td>143,893</td>
</tr>
<tr>
<td><strong>Total 共计</strong></td>
<td>712,555</td>
</tr>
</tbody>
</table>

Total sales volume of anti-corrosion services increased by 31.4%

防腐处理服务销量同比增加31.4%

1H2011: 542,430 S.M.
1H2012: 712,555 S.M.
Prospect
前景展望
Capacity Expansion Plan
产能擴充計劃

Two dimensions Capacity Expansion Plan:
产能擴充計劃

- **Capacity**: to expand the SSAW pipeline production capacity by 300,000 tonnes through Xiangtan Project
  产能方面：通過湘潭項目提高現有螺旋焊管年產能30萬噸

- **Diversity**: to achieve the diversification via construction of a LSAW pipeline production facility in Xiangtan (200,000 tonnes)
  多元化方面：通過在湘潭建造年產能20萬噸的直縫焊管生產線實現集團業務的多元化發展

0,000’ tonnes
万吨
Favorable Industry Development
有利的行業發展動態

- China aims to extend pipeline mileage from 77,000 km in 2010 to 150,000 km in 2015 under the 12th Five-Year Plan
「十二五規劃」指出，中國將加緊管道建設，將管道長度由2010年的7萬7千公里提升至2015年的15万公里

- Despite temporary delay in pipeline construction, it is expected that the remaining projects will be carried out successively and pipeline construction will speed up within the coming few years
盡管管道建設有所延遲，但預計在未來幾年內，剩余的工程將會陸續展開，管道建設亦將加速進行

- few qualified pipeline producers are going to benefit most due to their privilege in the supply of pipes in the trunk line project
介於國家管道項目用管僅由少數幾家合資格管道制造商提供，他們預期將會在此次管道加速建設中獲益良多

Total Mileage of PRC National Pipelines
中國國家管道總長度

- 2006: 48,100km
- 2007: 54,500km
- 2008: 58,300km
- 2009: 75,000km
- 2010: 77,000km
- 2011: 82,500km
- 2012: 150,000km

Ave. Annual Growth in Length ≈ 14,600 km
平均年增長約為 1萬4千600 公里

Ave. Annual Growth by Weight ≈ 5.1 million tons
平均年增長約為 510 萬噸
Growth Strategies

- Be constructing LSAW and SSAW pipe production lines with annual capacity of 200,000 tonnes and 300,000 tonnes respectively.

- Utilize geographical advantage of Xinjiang, Hunan and Shandong Provinces and technique advantage of Pre-welding and Precision-welding Steel Pipes to obtain more national and regional projects.

- Utilize advanced technology of Pre-welding and Precision-welding Steel Pipes Production Technique to obtain more oversea businesses.

- Actively seek foreign and domestic partners to explore new businesses with great prospect and broad development potential.
問答
Company Overview

ABOUT US

- We are one of the largest oil and gas pipe manufacturers in China
  中国最大的石油及天然气管道制造商之一

- We are one of the four approved suppliers of SSAW Pipe in China
  中国四家合资格螺旋焊管供应商之一

OUR PRODUCTS

- Our key product is SSAW Pipe with over 20% market share in China
  我们的主营产品是螺旋焊管，该产品在中国拥有超過20%的市场占有率

- We also offer anti-corrosion treatments for oil and gas pipes and the manufacture of cold-formed section steel
  我们亦提供石油及天然气管道的防腐处理及冷弯型钢的制造生产
THE CHARACTERISTICS OF OUR KEY PRODUCT
我们主营产品的特点

- We provide diversity on our SSAW pipes with
  我们提供多样化的螺旋焊管选择，包括:
  - Varied Diameter Range: 219 mm – 2,200 mm
    多類別焊管直徑選擇
  - Varied Steel Grade: X60, X65, X70, X80, X100
    多種鋼級別選擇
  - Varied Wall Thickness: 6mm – 25.4 mm
    多樣壁厚選擇

OUR MAJOR CLIENTS
我们的主要客户

- Our key Clients are:
  我们的主要客户是:
  - PetroChina Group
    中國石油天然氣集團公司
  - Sinopec Group
    中國石油化工集團公司
Company Overview (Con.)
公司概览（續）

OUR CREDENTIALS
我們獲得的資質認證

• Certificate from American Petroleum Institute (API)
  美國石油協會會標使用權
• Licenses (SSAW of Grade A, Anti-corrosion of AX Grade)
  多種中華人民共和國壓力管道元件製造許可證（A1級螺旋焊管、AX級防腐處理）
• ISO9001: 2000 certificate
  ISO9001:2000認證
• GB/T28001-2001 certificate
  GB/T28001-2001 認證
• ISO14001:2004 certificate
  ISO14001:2004認證

OUR TRACK RECORDS IN KEY NATIONAL PIPELINE PROJECTS
我们过去参与的大型国家管道项目

• West-East Gas Pipeline Projects 西氣東輸管線項目
• West Oil Pipeline 西部原油成品油管線
• Central Asia-China Natural Gas Pipeline 中亞天然氣管線
• Sichuan Gas Pipeline 川氣東輸管線
• Shaanxi-Beijing Gas Pipeline 陜京輸氣管線
• Kazakhstan-China Oil Pipeline 哈薩克斯坦-中國輸油管線
• China-Russia Crude Oil Pipeline 中俄原油管道
• Sino-Myanmar Oil and Gas Pipeline 中緬油氣管道

Presentation for Investors
Organizational Structure

Notes: As of 9 November 2012 /截至 2012 年 11 月 9 日
Shareholdings Structure
股權架構

Mr. Jiang Yong (Executive Director)  
(執行董事)
24.99%

Senior Management  
高級管理層
16.88%

Mr. Yan Tangfeng (Non Executive Director)  
閆唐鋒先生  
(非執行董事)
15.87%

Public Shareholders  
公眾股東
42.26%

Notes: As of Aug 18 2012 /截至 2012年8月18日

* Mr. Jiang Yong owns the entire issued share of capital of Valuable Tactics Development Ltd  
Jiang先生擁有Valuable Tactics Development Ltd全部已發行股本

** Mr. Yan Tangfeng owns the entire issued share of capital of Aceplus Investments Limited  
閆唐鋒先生擁有Aceplus Investments Limited全部已發行股本
Introduction to our new SSAW Pre-welding and Precision-welding Steel Pipes Production Line
全新的預精焊生產線介紹

- The first domestic SSAW pipe producer to introduce this technique in China
  國內首家全部引進此技術的螺旋埋弧焊管製造商

- Achieve annual production capacity of 360,000 tonnes
  可實現年生產產能 36 萬噸

- Represent advanced pipe manufacturing standard in China
  工藝技術位居國內領先水平

- Produce high-grade oil and gas pipes with improved efficiency
  生產高性能的油氣輸送管道，提高生產效能
**Formation of a JV for Dome Integration House**

### Brief Review

**戦略目的**

**Shareholding Structure**

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siu Thai</td>
<td>40.00%</td>
</tr>
<tr>
<td>Prodigy</td>
<td>35.00%</td>
</tr>
<tr>
<td>Chang Ying</td>
<td>7.75%</td>
</tr>
<tr>
<td>Guang Tong</td>
<td>4.75%</td>
</tr>
<tr>
<td>Springhaven</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

On 17 September 2012, Siu Thai, a directly subsidiary, entered into the Shareholders’ Agreement with Prodigy, Chang Ying, Guang Tong, Springhaven and the JV Company to engage in the business of the processing, manufacturing and distribution of dome integration houses. The registered capital for the JV Company is RMB 250 million.

Siu Thai (40.00%), Prodigy (35.00%), Chang Ying (7.75%), Guang Tong (4.75%) and Springhaven (12.50%)

### Strategic Purpose

- Dome integration house is expected to have huge market potential with the characteristics of fast production, high quality, low cost and the capabilities of repeated use.集成模塊房屋具有生產速度快、品質高、成本低及可重複使用等特點，預計擁有龐大的市場潛力

- We could leverage on the cutting-edge technology and substantial industry experience of Prodigy to develop dome integration house and expand market share in this industry.本集團可藉助普帝龍的領先技術和豐富行業經驗，發展集成模塊房屋並擴大該行業的市場佔有率

- We could effectively utilize our resources and reduce initial capital expenditure through leasing our production plant, equipment and facilities of Rizhao Branch, currently used for the production of Cold-formed Section Steel.通過租出日照公司現時用於生產冷彎型鋼產品的廠房及設施，本集團能夠更有效運用公司資源及減少初始資本開支

### The Latest Update

**準備工作**

**Presentation for Investors**

Preparation for the JV company establishment 合資公司設立的前期準備工作
Subscription of Equity Interest in Xinjiang Project

简要回顧

On 12 August 2011, SDSL* acquired 56.428% of the shares of Huayou Xinjiang, with annual production capacity of 150,000 tonnes at a price of RMB 99 million in cash.

SDSL(56.428%), Beijing Huayou Xingye Energy Investment (26.366%), Tianjin Dehua Petroleum Equipment Manufacture (15.056%), and Mr. Cheng Xinyuan (2.15%)

山東勝利 (56.428%)、北京華油興業能源投資有限公司 (26.366%)、天津德華石油裝備制造有限公司 (15.056%) 及程新元先生 (2.15%)

戰略目的

● Extended the annual production capacity of SSAW pipes by 150,000 tonnes
  幫助集團增加螺旋焊管年生產產能達15萬噸之多
● Provided potential to grow our business further into Western China and Central Asia
  為集團拓寬中國西部市場及中亞市場，實現業務增長，提供了可能性

最新進展

獲得了承擔油氣輸送管道生產所必需的各項資質證書

● PSL2 (API’s more stringent standard)
  API (PSL2級) 會標使用權
● ISO9001 expended to include SSAW pipe production
  ISO9001「螺旋埋弧焊接鋼管生產」認證
● Licence to manufacture components of pressure pipes
  特種設備壓力管道原件製造許可增項鑒定評審

* SDSL is the abbreviation of Shandong Shengli Steel Pipe Co., Ltd

Presentation for Investors
Formation of a LSAW Joint Venture Company

Brief Review
On 30 March 2011, Shandong Shengli established a JV with Xiangtan Steel and Hunan Shengyu to engage in manufacture of LSAW and SSAW pipes and provision of anti-corrosion services with the registered capital of RMB 500 million.

Shareholding Structure
Shandong Shengli (54.957%), Xiangtan Steel (43.103%) and Hunan Shengyu (1.940%)

Strategic Purpose
- Expand product offering to LSAW sector to diversify business portfolio
  - 幫助進軍直縫焊管市場，使集團業務組合更加多元化
- Secure the supply of steel, and reduce raw material and transportation costs through partnership with Xiangtan Steel
  - 通過與湘鋼建立合作關系，確保穩定鋼鐵供應的同時，亦能夠降低原材料成本及鋼材運輸成本

The Latest Update
Land survey and design and equipment procurement are both in progress right now.
On 20 November 2010, Shandong Shengli entered into the investment agreement with Beijing Golden Fortune to acquire 25% of its equity interest at price of RMB 300 million.

Li Zifeng (39.53%), Huishi (26.25%), Qiansheng (4.61%), Guansheng (4.61%) and Shandong Shengli (25%)

- Could get exposure to natural gas distribution and pipeline construction businesses
- Could reduce fluctuation in overall performance and mitigate possible impact of adverse changes in market environment and policies through business diversification
- Will be entitled to a guaranteed return on investment, following preferential rights and board representation upon completion of investment

The business recorded a slight loss mainly due to the delay of the pipeline project in Jiangsu Province.

The management team still has strong confidence in the prospect of the company.
Main Business Coverage

核心業務範圍

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

- SSAW pipes
- Cold-formed section steel

Design 設計
Manufacturing and processing 製造加工
Anti-Corrosion 防腐處理
Quality control 質量監控
Transportation 運輸
Maintenance 維護

Presentation for Investors
Industry Overview
Oil and Gas Pipelines in PRC

China’s major oil and gas pipeline by type are SSAW pipes, LSAW pipes and ERW pipes.

SSAW Pipes 螺旋埋弧焊管
- formed using narrow plates or hot rolled coils, which lowers the production cost significantly.
- The spiral welding process permits the production of large-diameter pipe suitable for large volumes transportation.
- Used extensively in Russia, Canada and Asian countries in high pressure gas pipelines nowadays.

LSAW Pipes 直缝埋弧焊管
- LSAW pipes are welded tubular products made out of flat plates that are formed, bent and prepared for welding.
- They are commonly used in high pressure pipelines since shorter welded seams decrease the likelihood of ruptures and make repair easier.
- Modern ERW pipes are suitable for medium to high pressure gas transportation.

ERW Pipes 阻焊管
- ERW pipes are formed by resistance heating or high frequency induction heating.
- Modern ERW pipes are suitable for medium to high pressure gas transportation.

Pie chart showing the distribution of different types of pipes:
- SSAW (70%)
- LSAW (25%)
- ERW (5%)
National Pipeline Industry Analysis

- **High Barrier of Entry**  較高的進入壁壘
  - All the existing incumbents are or used to be the subsidiaries of PetroChina or Sinopec
    - 行業目前的參與者均為或曾經為中石油或中石化的附屬企業
  - Only suppliers with specified qualifications will be considered as approved suppliers
    - 僅有獲得指定資質認證的生产企业才获考虑成为合资格供应商
  - Past good track record in national pipeline construction is one of the determinants for entry
    - 過去參與的管道项目建设经验是进入国家管道行业的决定性因素之一

- **Loyal Customer Base**  固定的客戶群体
  - PetroChina and Sinopec are the only authorized parties responsible for national pipeline construction
    - 中石油及中石化是唯一獲授權的國家管線項目承建方
  - They will only invite approved suppliers for open tenders
    - 僅有合資格供應商方可受邀參與項目競標
Moderate Competition among incumbents 較為平和的行業競爭
- Only four approved suppliers of SSAW Pipes in national pipeline project and they are: 僅有四家合資格的國家項目管道供應商, 他們分別是:

<table>
<thead>
<tr>
<th>Approved Suppliers</th>
<th>Connection with Sinopec &amp; Petro China</th>
<th>Current Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shengli Oil &amp; Gas Pipe Holdings Limited 勝利油氣管道控股有限公司</td>
<td>Formally the subsidiary of Sinopec 民營企業，曾為中石化之附屬企業</td>
<td>1,150,000 tonnes 115萬噸</td>
</tr>
<tr>
<td>Baoji Petroleum Steel Pipe Co., Ltd. 寶雞石油鋼管有限責任公司</td>
<td>Subsidiary of CNPC 中石油之附屬企業</td>
<td>2,350,000 tonnes 235萬噸</td>
</tr>
<tr>
<td>North China Petroleum Steel Pipe Co., Ltd. 渤海裝備華油鋼管有限公司</td>
<td>Subsidiary of CNPC 中石油之附屬企業</td>
<td></td>
</tr>
<tr>
<td>Shashi Steel Pipe Factory 沙市鋼管廠</td>
<td>Subsidiary of Sinopec 中石化之附屬企業</td>
<td></td>
</tr>
</tbody>
</table>

- For a national project, each approved supplier has the opportunity to involve in and the quantity of supply all depends on the bidder each submitted. 對於一項大型的國家管道項目工程，每一家合資格供應商都有機會參與其中，唯供應量由每家的標書內容來決定

Processing materials provided by clients 來料加工
- Reduced raw materials risk and reduced requirement of working capital 降低的原材料風險及營運資本需求
THANK YOU!

Investor Relations Contact:

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(CFO & Company Secretary)

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Email: Jeffrey@slogp.com

Website: www.slogp.com