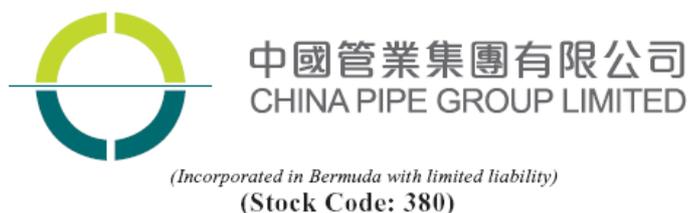


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.



MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION

This announcement is made pursuant to Rule 13.09 of Listing Rules.

On 28 April 2010, the Company entered into a **non-legally binding MOU** with the Vendor in relation to the Possible Acquisition. On 10 June 2010, the Company and the Vendor agreed to extend the time for the signing of a formal agreement and the Exclusivity Period to 31 July 2010.

The Exclusivity Period subsequently expired on 31 July 2010. The Directors are continuing to negotiate with the Vendor, and are working towards a signing of a formal conditional agreement by 8 August 2010.

The Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Company's Shares.

Introduction

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcements of the Company dated 28 April 2010 and 10 June 2010 (the "Announcements"). Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcements.

On 28 April 2010, the Company entered into a non-legally binding MOU with the Vendor in relation to the Possible Acquisition. On 10 June 2010, the Company and the Vendor agreed to extend the time for the signing of a formal agreement and the Exclusivity Period to 31 July 2010.

End of the Exclusivity Period

The Exclusivity Period subsequently expired on 31 July 2010. The Directors are continuing to negotiate with the Vendor, and are working towards a signing of a formal conditional agreement by 8 August 2010.

The Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Company's Shares.

On behalf of the Board
China Pipe Group Limited
Lai Guanglin
Chairman

Hong Kong, 2 August 2010

As at the date of this announcement, the Board consists of Mr. Yu Ben Ansheng, Mr. Sam Ming Choy and Mr. Lai Fulin as executive directors, Mr. Lai Guanglin, Mr. U Kean Seng, Mr. Zhao Yue and Dr. Zia, Samuel as non-executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Ms. Wu Xiuru as independent non-executive directors.