

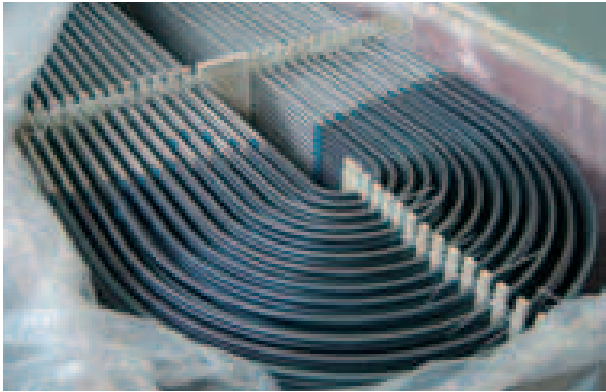
Zhenxi facilities include piercing, cold drawing and cold pilgering, u-bending and coil tubing, continuous welding (up to 8"), and large diameter welding (roll forming).

Giuli - Made in China

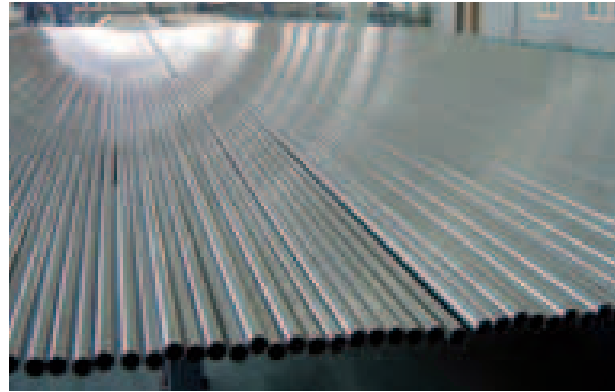
The era of sourcing from China has arrived. Giuli, a well known brand (and manufacturer) of stainless steel pipes and tubes in China, is now concentrating on installing a hot extrusion mill which is expected to make the phrase "Made in China" synonymous with high levels of quality as well as with traditionally inexpensive pricing.

A visit to Giuli (Zhejiang Giuli Stainless Steel Pipe Co., Ltd) makes clear that a pioneering and entrepreneurial spirit drives this company. "Young", "dynamic" and "global strategy" are the keywords. Ambitious plans to build state of the art production facilities and to produce a high quality brand of stainless steel pipes and tubes in China are well under way, and that is not all.

By Sjef Roymans



U-tubing



Bright annealed feed water heater tubes

When Stainless Steel World visited the Jiuli Stainless Steel Industrial Park (JSSIP) laborers were working day and night to complete the new 35MN hot extrusion press by early 2006, with a total investment of USD 50Million. With an annual capacity of 20.000 tons of stainless steel pipes and tubes the extrusion mill is actually the first phase of a very ambitious and rather unique project with the clear purpose of making Jiuli the top stainless steel pipes and tubes producer in China. Given the determination of the Jiuli management and their staff, not to mention the current company resources, there is little doubt that Jiuli will achieve its objectives. It is perhaps common knowledge- but anyone who has recently visited China will confirm -the Chinese are extremely hard workers.

considerably in advanced technology, equipment, and know how, which for the most part, has been imported since 1997, helping us to expand the market. We have set up an effective quality management system according to ISO9001-2000, and a well equipped test lab for complete inspection and test. At present, Jiuli is qualified by DNV, GL, BV, ABS, CCS and PED 97/23/EC, all to guarantee us to deliver satisfied quality product to our customers." Mr. Zhou continued, "In the past 19 years, Jiuli has developed thanks to customers like Sinopec, Petrochina, CNOOC, BASF, Bayer, Dupont, Dow Chemical, BP, Aker Kvaerner, Fluor Daniel, ABB Lummus, Toyo Engineer, etc - providing us with orders not only for China domestically, but increasingly for overseas projects. Thanks to our raw material suppliers



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Sales staff and management are available around the clock with mobile phones at each ear. This unmatched level of commitment is China's driving force and is certainly the force behind Jiuli.

"We expect that, within five years, Jiuli will be a crucial player in the international market", said President Mr. Zhou Zhijiang," Whilst we do communicate and cooperate with our competitors, we still want to supply the best brand of quality stainless steel pipes and tubes in China. To ensure product quality, Jiuli has invested

Baosteel, Tisco, Outokumpu, Arcelor, NTK, etc, supplying excellent products, and strong technical support. Finally, thanks to our competitors (who are also potential cooperators), we are driven to improve operations on a daily basis."

GLOBAL STRATEGY

Jiuli has its headquarters and main production facilities in Zhenxi Town, Huzhou City situated 150kms from Shanghai. This area of the Yangtze River Delta has one



Hydrostatic testing facility

of the most active economies in China. Zhenxi facilities include piercing, cold drawing and cold pilgering, u-bending and coil tubing, continuous welding (up to 8"), and large diameter welding (roll forming). The hot extrusion mill is situated in Balidian Town, a stone's throw from Zhenxi Town, where Jiuli will focus on higher quality products in terms of alloys and more critical applications such as boiler tubing, duplex, nickel alloys, and maybe also nuclear grades of stainless steel pipes and tubes.

The tour of the facilities is impressive, in particular, the workshop for large diameter welded pipes with state of the art pipe welding, X ray and hydrostatic testing equipment. Moreover, the production flow is well organized, and although the order books are filled the plant's spacious layout clearly shows that potential capacity will exceed current output. So, the question arises: Will future demand balance this growing capacity? Mr. Denny Lee, Director and Deputy General Manager, explained that Chinese domestic demand is increasing quickly and large quantities of quality pipes still have to be imported. Jiuli will certainly focus on domestic markets. When asked about export business, Mr. Lee added, "We don't expect to achieve great export volumes. In recent years, Jiuli has maintained and improved the 'Made in China' brand by its best efforts. We hope in the near future, 'Made in China' will not only mean inexpensive pricing but also high quality at a reasonable price. We are very aware of the export business, and try to play the game according to local rules. Though we have 50,000 ton capacity, we are under no pressure from export business. The Chinese domestic markets of petrochemical, chemical, thermal power (including nuclear power), ship building, pulp and paper, and heat exchange, etc are huge and are all



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booming. For example, Beijing has announced the construction of more than 30 units of 1000MW nuclear power plants, totaling 360,000 MW by the end of 2020 this means two units will be built every year. 60~80% of our capacity will be reserved for domestic use. Of course, we expect to increase our export portion from 15% of output in 2004 to 30% in the next five years. In strategic geographic areas, we will balance the export market to America, Europe, Asia and Africa. We don't intend to take the 'cake' from competitors abroad, instead we hope, together, to expand and share it. Jiuli is ready for globalization and to be a global partner to our clients."

DETERMINED TO BE A PUBLIC COMPANY

Since being founded in 1987, Jiuli has grown quickly, especially since 2000, with annual growth rates of up to 45%. Jiuli's short but successful history, gives rise to curiosity about its beginnings and where it will go from here.



The workshop for large diameter welded pipes with state of the art pipe welding, X ray and hydrostatic testing equipment.

President Mr. Zhou, founding father of the company, explained that he started the manufacture of stainless pipes in 1987 for the simple reason that there was a shortage of these products in our province. "In the early 1980s, China was short of everything. When informed that some users in Hangzhou needed stainless steel pipes in 1986, but had difficulty finding them in the market, we did some market research and developed the idea of starting pipe production ourselves. With deliberate and well planned investments in equipment, technology, heat treatment systems, NDT test systems and quality assurance systems, we could quickly improve the quality of our products. Thanks to scaled production and low labor costs we are able to offer competitive prices, and supply small quantities within very short lead times of less than two months. We also spent a lot of money on R & D which is strongly supported by the central government and our province allowing us to invest 2-3% of our turnover on R & D, before tax, to develop better materials"

Facts & Figures / Company structure

Zhejiang Jiuli Stainless Steel Pipe Co., Ltd is 57% owned by Jiuli Group, 30% by strategic investors' and 13% by seven individual shareholders (main management). Plans are to go public and be listed on the SSE in 2007.

When asked what the next step will be Mr. Zhou revealed that Jiuli has been approved by the government to proceed with entry to the Shanghai Stock Exchange (SSE) in 2007. Mr. Zhou: "Entering the stock exchange will ensure Jiuli with sustainable development, and will deliver greater value to our clients."

History and capacity

Name:	Jiuli
Location:	Zhenxi Town, Huzhou City, Zhejiang Province, P. R. China
Facilities:	piercing mill, hot extrusion mill, seamless mill, continuous welding mill (up to 8") and large diameter welding mill.
Products:	seamless and welded stainless steel pipes and tubes, including straight, U tubing, coil tubing, and possibly profile
Size:	OD 6mm~273mm by WT 0.5mm~16mm for seamless; OD 8mm~2420mm by WT 0.5mm~25mm for welded
Capacity:	50.000 tons
Employees:	870
Turnover in 2005:	USD 150 million