

**FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES****1. Incorporation of our Company**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9 January 2008 with an authorised share capital of HK\$100,000 divided into 1,000,000 Shares of HK\$0.10 each. On 9 January 2008, one Share was allotted and issued, nil-paid, to Codan Trust Company (Cayman) Limited, which was transferred to Bournam on the same date. Additional 999,999 Shares were allotted and issued, nil-paid, to Bournam on the same date. The said 1,000,000 nil-paid Shares were subsequently paid up in the manner described in paragraph 4 below.

Our Company was incorporated in the Cayman Islands and is subject to the relevant laws and regulations of the Cayman Islands. Its constitution comprises a memorandum of association and the Articles of Association. A summary of certain relevant parts of its constitution and of the Cayman Islands company law is set out in Appendix V to this prospectus.

**2. Changes in share capital of the Company***(a) Increase in authorised share capital*

Pursuant to a resolution in writing passed by the sole Shareholder (namely, Bournam) on 23 January 2010, the authorised share capital of our Company was increased to HK\$1,000,000,000 by the creation of a further 9,999,000,000 Shares.

On 21 April 2008, Bournam as borrower has taken out the Bournam Loan with ICBC (Asia) in the aggregate sum of up to HK\$60,000,000, which was on-lent to some members of the Group primarily for the purpose of the Reorganisation and/or the Listing. Certain securities have been given by certain members of our Group in favour of ICBC (Asia), which have been released as at the Latest Practicable Date after the full settlement of the Bournam Loan by Bournam in May 2009. Please refer to the paragraph headed "Financial independence" under the section headed "Relationship with Controlling Shareholders" in this prospectus for further details of the Bournam Loan.

Immediately following completion of the Global Offering and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme, 1,000 million Shares will be issued fully paid or credited as fully paid, and 9,000 million Shares will remain unissued. In the event that the Over-allotment Option is exercised in full, 1,045 million Shares will be issued fully paid or credited as fully paid, and 8,955 million Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed herein and in paragraphs 1 and 3 of this Appendix, there has been no alteration in the share capital of the Company since its incorporation.

*(b) Founder shares*

The Company has no founder shares, management shares or deferred shares.

**3. Resolutions in writing of the sole Shareholder passed on 23 January 2010**

On 23 January 2010, pursuant to resolutions in writing passed by the then sole Shareholder:

- (a) the authorised share capital was increased from HK\$100,000 to HK\$1,000,000,000 by the creation of a further 9,999,000,000 Shares;
- (b) the Company approved and adopted its existing Articles of Association;
- (c) conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus on the Main Board and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of those agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
  - (i) the Global Offering and the Over-allotment Option were approved and the Directors were authorised to approve the allotment and issue of the Offer Shares and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option and to approve the transfer of the Sale Shares;
  - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 15 of this Appendix, were approved and adopted and the Directors or any such committee thereof, were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder, to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme;
  - (iii) conditional on the share premium account being credited as a result of the Global Offering, the Directors were authorised to capitalise HK\$65,000,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 650,000,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 23 January 2010 (or as it/they may direct) in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in the Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares (other than the right to participate in the Capitalisation Issue) and the Directors be and they are hereby authorised to give effect to such capitalisation;
  - (iv) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the grant of options under the Share Option Scheme or the exercise of any options which have been or may be granted under the Share Option Scheme or under the Global Offering or the Capitalisation Issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued immediately following completion of the Global Offering and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

#### 4. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise the Group’s structure in preparation for the Listing and the Company became the holding company of our Group.

The Reorganisation involved the transfer to the Company by Bournam of an aggregate of 300 shares of US\$1 each, being the entire issued share capital of Lessonstart, in consideration and in exchange for which the Company (i) allotted and issued, credited as fully paid, an aggregate of 99,000,000 new Shares to Bournam, and (ii) credited as fully paid at par the 1,000,000 nil-paid Shares held by Bournam.

In addition to the transfer of shares in Lessonstart referred to above, the Group also underwent the following corporate restructuring:

- (a) by an agreement dated 20 October 2007 and made between Lessonstart (as transferee) and GZFLD (as transferor), Lessonstart has agreed to purchase 16% equity interest in PCKSP from GZFLD at a consideration of RMB44,480,000. Such acquisition by Lessonstart was approved by Guangzhou City Foreign Trading and Economic Co-operation Bureau on 1 November 2007. The filing of such changes with the relevant administration of industry and commerce was effected on 8 November 2007;
- (b) CKSPG was incorporated in Hong Kong on 13 December 2007 as an investment holding company to hold equity interests in the Group members established in the PRC. CKSPG is wholly owned by Lessonstart;
- (c) by two several agreements both dated 20 December 2007 entered into between CKSPG and Lessonstart, Lessonstart agreed to transfer to CKSPG (a wholly owned subsidiary of Lessonstart) (i) Lessonstart’s 100% equity interest in PCKSP at a nominal consideration of HK\$1 and (ii) Lessonstart’s 25% equity interest in Hualong Anti-Corrosion at a nominal consideration of HK\$1. The transfers under (i) and (ii) were approved by Guangzhou City Panyu District Foreign Trading and Economic Co-operation Bureau on 28 December 2007 and 25 December 2007 respectively. The filing of such changes regarding PCKSP and Hualong Anti-Corrosion with the relevant administration of industry and commerce were both effected on 29 December 2007;
- (d) by four several agreements all dated 20 December 2007 between CKSPG and JCH Enterprise, it was agreed to transfer the 100% equity interest in each of the GPR Companies to CKSPG at a total nominal consideration of HK\$4. Such acquisitions were approved by Guangzhou City Panyu District Foreign Trading and Economic Co-operation Bureau on 25 December 2007. The filing of such changes with the relevant administration of industry and commerce were all effected on 29 December 2007;

- (e) GPR Steel Pipe (Zhangjiagang branch) was set up in the PRC on 14 January 2008 as a branch of GPR Steel Pipe then planned for engaging in the Group's steel pipe business in the Zhangjiagang area. Chu Kong Zhangjiagang was disposed of by Lessonstart and PCKSP to JCH Enterprise at nil consideration pursuant to an agreement dated 20 February 2008. The approval for such disposal was granted by Zhangjiagang City Foreign Trading and Economic Co-operation Bureau on 26 February 2008. The filing of such changes with the relevant administration of industry and commerce was effected on 3 March 2008. Since then, Chu Kong Zhangjiagang has been excluded from the Group and was de-registered in September 2008;
- (f) GPR Steel Pipe (Jiangsu branch) was set up in the PRC on 17 October 2008 as a branch of GPR Steel Pipe to principally engaged in the manufacture of steel pipes. GPR Steel Pipe (Jiangsu branch) commenced trial production in September 2009 and commenced commercial production in January 2010 after successful passing of the acceptance test and obtaining the Pollutant Discharge Permit;
- (g) on 8 July 2009, PCKSP (Lianyungang) was established in the PRC to engage in the manufacture and sale of steel pipes. At the time of its establishment, PCKSP (Lianyungang) had a registered capital of RMB40 million, which was subsequently increased to RMB200 million on 16 October 2009 and was further increased to RMB700 million on 4 November 2009. PCKSP (Lianyungang) has been wholly owned by PCKSP since its establishment; and
- (h) by an agreement dated 21 August 2009 entered into between GPR Steel Pipe as seller and an Independent Third Party as purchaser, the JCOE production line and the related ancillary production facilities in Zhangjiagang then operated by GPR Steel Pipe (Zhangjiagang branch) was sold to the Independent Third Party at a consideration of RMB119,150,000. The said production line was delivered to an Independent Third Party on 31 August 2009. Since then, GPR Steel Pipe (Zhangjiagang branch) had not carried on any production and was being deregistered as at the Latest Practicable Date.

#### **5. Changes in share capital of subsidiaries**

The subsidiaries of the Company are listed in the accountants' report set out in Appendix I to this prospectus.

Save as disclosed in paragraph 4 of this Appendix, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

## 6. Repurchase by the Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

### *(a) Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to resolutions in writing passed by the sole Shareholder on 23 January 2010, the Repurchase Mandate was given to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of the Company immediately following completion of the Global Offering and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme), such mandate will expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the same, whichever occurs first.

### *(b) Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Company's Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Under Cayman Islands law, any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by its Articles of Association and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of profits or the share premium account of the Company or, if authorised by its Articles of Association and subject to the Companies Law, out of capital.

### *(c) Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

### *(d) Funding of repurchases*

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

Assuming that the Over-allotment Option is not exercised, the exercise in full of the Repurchase Mandate, on the basis of 1,000 million Shares in issue immediately after the listing of the Shares on the Main Board, would result in up to 100 million Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

Assuming that the Over-allotment Option is exercised in full and on the basis of 1,045 million Shares in issue immediately after the exercise of the Over-allotment Option, the exercise in full of the Repurchase Mandate, would result in up to 104.5 million Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(e) *General*

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

## 7. Registration under Part XI of the Companies Ordinance

The Company has established a principal place of business in Hong Kong for the purpose of registration under Part XI of the Companies Ordinance at Flat B, 16th Floor, Wah Hing Commercial Centre, 383 Shanghai Street, Kowloon, Hong Kong. The Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Mr. Hu Chung Ming, the secretary of the Company, has been appointed as an agent of the Company for the acceptance of service of process in Hong Kong.

## FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

### 8. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:









- (a) an equity transfer agreement (in Chinese) dated 20 February 2008 and made between Lessonstart and PCKSP both as transferors and JCH Enterprise as transferee for the acquisition by JCH Enterprise of 100% equity interest in the registered capital of Chu Kong Zhangjiagang at nil consideration;
- (b) a disposal agreement dated 21 August 2009 entered into by GPR Steel Pipe as seller and 張家港株江鋼管有限公司 (Zhangjiagang Zhujiang Steel Pipe Co. Limited\*) as purchaser pursuant to which GPR Steel Pipe disposed of the JCOE production line and the related ancillary production facilities then operated by GPR Steel Pipe (Zhangjiagang branch) at a consideration of RMB119.15 million to the said purchaser;

- (c) a share purchase agreement dated 23 January 2010 and made between Bournam as vendor, Mr. Chen as warrantor and the Company as purchaser for (a) the acquisition by the Company of the entire issued share capital in Lessonstart, in consideration of (i) the allotment and issue, credited as fully paid, of 99,000,000 new Shares to Bournam, and (ii) crediting as fully paid at par the 1,000,000 nil-paid Shares then held by Bournam; and (b) certain non-competition undertakings given by Mr. Chen and Bournam in favour of the Company;
- (d) a deed of indemnity dated 23 January 2010 executed by Bournam and Mr. Chen in favour of the Company for itself and as trustee for its subsidiaries stated therein containing the indemnities in respect of estate duty, taxation and other liabilities more particularly referred to in paragraph 16 of this Appendix; and
- (e) the Hong Kong Underwriting Agreement.
















## 9. Intellectual Property Rights of the Group

### Trademarks

As at the Latest Practicable Date, the Group was the registered proprietor and beneficial owner of the following registered trademarks:

Trademark	Place of registration	Class Note (1)	Registration number	Date of expiry
	the PRC	6	804356	6 January 2016
 金鳳明璽	the PRC	6	804357	6 January 2016
	the PRC	6	1085439	20 August 2017
	the PRC	6	1269334	27 April 2019
	the PRC	45	5104845	27 July 2019
	the PRC	44	5104846	27 July 2019
	the PRC	43	5104847	27 July 2019
	the PRC	42	5104848	13 November 2019









Trademark	Place of registration	Class <i>Note (1)</i>	Registration number	Date of expiry
	the PRC	41	5104849	13 July 2019
	the PRC	40	5104850	27 July 2019
	the PRC	37	5104855	27 July 2019
	the PRC	36	5104856	27 July 2019
	the PRC	35	5104857	20 April 2019
	the PRC	19	5104858	13 June 2019
	the PRC	17	5104859	6 June 2019
	the PRC	9	5104860	13 April 2019
	the PRC	7	5104861	6 April 2019
	the PRC	6	5104862	6 April 2019
	the PRC	39	5104863	27 April 2019
	the PRC	38	5104864	27 July 2019
	the PRC	7	6027939	20 November 2019
	Hong Kong	6	301057185 <i>(Note 2)</i>	21 February 2018 <i>(Note 3)</i>
	Hong Kong	6	301057185 <i>(Note 2)</i>	21 February 2018 <i>(Note 3)</i>



*Notes:*

- (1) The products and/or services covered under class 6 include steel pipes, pipes of metal, pipes of metal casings, pipes of metal casings for well, pipelines of metal; building materials of metal.
- (2) These trademarks are registered as a series of marks.
- (3) Registration of these trademarks may be renewed successively for further periods of ten years upon expiry.

As at the Latest Practicable Date, there were applications made by the Group for registration of the following trademarks in the PRC, the registration of which has not yet been granted:

Trademark	Class	Application number	Date of application
	1	6027937	29 April 2007
	2	6027938	29 April 2007
	9	6027940	29 April 2007
	11	6027941	29 April 2007
	17	6027942	29 April 2007
	37	6027943	29 April 2007

## Patents

As at the Latest Practicable Date, the Group registered the following 44 patents in the PRC:

Patent	Patent number	Date of expiry
修端機 (Edge-trimming machine*) <sup>(1)</sup>	ZL01215471.7	27 February 2011
刨邊機 (Beveling machine*) <sup>(1)</sup>	ZL01215472.5	27 February 2011
預焊機 (Tack welding machine*) <sup>(1)</sup>	ZL01215473.3	27 February 2011
水壓擴徑機 (Hydraulic diameter-enlarging machine*) <sup>(1)</sup>	ZL01215470.9	27 February 2011
成型機 (Forming machine*) <sup>(1)</sup>	ZL01215469.5	27 February 2011
預彎機 (Edge crimping machine*) <sup>(1)</sup>	ZL01215474.1	27 February 2011
鋼管成型機防偏裝置 (Bias-proof device for pipe forming machine*) <sup>(1)</sup>	ZL00239477.4	13 September 2010
成型機 (Forming machine*) <sup>(1)</sup>	ZL02226725.5	4 April 2012
連續自動預焊機 (Continuous automatic tack welding machine*) <sup>(1)</sup>	ZL03222883.X	8 January 2013
後彎機 (Backswept machine*) <sup>(1)</sup>	ZL200520065402.6	30 September 2015
翻板機 (Plate turnover machine*) <sup>(1)</sup>	ZL200520120340.4	8 December 2015
三輥成型機 (Three-roller forming machine*) <sup>(1)</sup>	ZL200620056377.X	14 March 2016
切管機 (Pipe cutting machine*) <sup>(1)</sup>	ZL200620054291.3	20 January 2016
真空吊具 (Vacuum spreader*) <sup>(1)</sup>	ZL200520120339.1	8 December 2015
焊管夾緊成型芯軸 (Clamping and forming core shaft for welded pipes*) <sup>(1)</sup>	ZL200620056376.5	14 March 2016
可移動擴徑機 (Mobile diameter-enlarging machine*) <sup>(1)</sup>	ZL200620057289.1	30 March 2016
高效擴徑機 (Efficient diameter-enlarging machine*) <sup>(1)</sup>	ZL200620057992.2	18 April 2016
鋼管成型機卡環式防彎裝置 (Clasp type bend-proof device for pipe forming machine*) <sup>(1)</sup>	ZL200720053938.5	7 July 2017
超聲波板邊自動探傷裝置 (Automatic ultrasonic edge detection device*) <sup>(1)</sup>	ZL200920050928.5	24 January 2019
直縫焊管成型機側壓輸送輪 (Lateral pressure transmission wheel for longitudinal welded pipe forming machines*) <sup>(1)</sup>	ZL200920050924.7	24 January 2019
鋼板自動對中裝置 (Auto centring device for steel plates*) <sup>(1)</sup>	ZL200920050923.2	24 January 2019
過橋翻管機 (Bridge pipe turnover machine*) <sup>(1)</sup>	ZL200920050930.2	24 January 2019
水壓擴徑機充液牆板 (Liquid-filling wallboard for hydraulic diameter-enlarging machine*) <sup>(1)</sup>	ZL200920050925.1	24 January 2019
高速氣體保護自動焊焊槍 (High-speed and gas-protected automatic welding torch*) <sup>(1)</sup>	ZL200920050909.2	24 January 2019
耐磨式埋弧焊導電嘴 (Wear-resistant submerged arc welding conductive nozzle*) <sup>(1)</sup>	ZL200920050922.8	24 January 2019
鋼管離線磨內毛刺機 (Off-line interior-deburring machine for steel pipes*) <sup>(1)</sup>	ZL200920050921.3	24 January 2019
焊絲校直裝置 (Welded wire straightening device*) <sup>(1)</sup>	ZL200920050920.9	24 January 2019
五絲埋弧焊焊接設備 (Five-wire submerged arc welding equipment*) <sup>(1)</sup>	ZL200920050919.6	24 January 2019
飛鋸裝刀裝置 (Flying saw cutter device*) <sup>(1)</sup>	ZL200920050918.1	24 January 2019
擴徑機的方型抱塊裝置 (Square block-holding device for diameter-enlarging machine*) <sup>(1)</sup>	ZL200920050917.7	24 January 2019

Patent	Patent number	Date of expiry
擴徑機擴徑脹塊裝配夾具 (Enlarging block assembly jig for diameter-enlarging machine*) <sup>(1)</sup>	ZL200920050929.X	24 January 2019
鋼管水壓擴徑用重型封頭 (Heavy head for pipe hydraulic diameter enlarging*) <sup>(1)</sup>	ZL200920050905.4	24 January 2019
超聲波自動管探焊縫跟蹤裝置 (Tracking device for automatic ultrasonic tube probing seam*) <sup>(1)</sup>	ZL200920050903.5	24 January 2019
鋼管水壓擴徑機的液壓裝置 (Hydraulic equipment for pipe hydraulic diameter-enlarging machine*) <sup>(1)</sup>	ZL200920050910.5	24 January 2019
大壁厚鋼管修端刀座 (Trimming holder for great-wall and thick steel pipe*) <sup>(1)</sup>	ZL200920050907.3	24 January 2019
擴徑機活動抱塊 (Hold block device for diameter-enlarging machine and movable machine*) <sup>(1)</sup>	ZL200920050906.9	24 January 2019
浮動式刨邊機 (Floating edge planning*) <sup>(1)</sup>	(Note)	24 January 2019
雙驅動推壓式鋼管擴徑裝置 (Pipe diameter-enlarging device with dual drive and push type*) <sup>(1)</sup>	(Note)	18 March 2019
清洗鋼管內壁的噴水頭 (Sprinkler head for internal steel pipe cleaning*) <sup>(1)</sup>	ZL200920050926.6	24 January 2019
鋼板板面自動潤滑裝置 (Self-lubricating device for steel plate surface*) <sup>(1)</sup>	ZL200920050904.X	24 January 2019
三輥成型工藝及設備 (Three-roller forming technology and equipment*) <sup>(2)</sup>	ZL200610034377.4	14 March 2026
焊管夾緊成型芯軸及調整方法 (Clamping and forming core shaft for welded pipes and adjustment methods*) <sup>(2)</sup>	ZL200610034376.X	14 March 2026
大直縫埋弧焊管快速生產方法 (Fast producing methods for large LSAW steel pipes*) <sup>(2)</sup>	ZL200710033068.X	29 December 2027
瓶蓋 (Bottle cap*) <sup>(3)</sup>	ZL200530071391.8	30 September 2015

*Note:* As at the Latest Practicable Date, the relevant patent registration certificates in respect of these two patents were pending to be issued in the PRC, while the patent announcement was also pending publication by way of public notice in the PRC. Notice of approval for registration of the said patents has already been issued by the intellectual property bureau in the PRC, but the right conferred will come into effect from the date of and subject to the public notice being published in this regard.

Applications made by the Group for registration of the following 3 patents in the PRC were pending registration as at the Latest Practicable Date:

Patent	Application number	Date of application
焊管生產工藝 (Production technology for welded pipes*) <sup>(2)</sup>	200510100162.3	30 September 2005
鋼管外焊縫開槽裝置 (Slot device for outside weld seam of steel pipes*) <sup>(2)</sup>	200910037028.1	24 January 2009
雙驅動推壓式鋼管擴徑裝置及擴徑工藝 (Dual drive push type steel expanding device and expanding technology*) <sup>(2)</sup>	200910126899.0	18 March 2009

(1) *utility model patent (實用新型)*

(2) *invention patent (發明)*

(3) *outlook design (外觀設計)*

\* *for identification purposes only*

*Domain name*

As at the Latest Practicable Date, the Group was the registrant of the following domain name:

<b>Domain name</b>	<b>Registration Date</b>	<b>Expiry Date</b>
www.pck.com.cn	5 April 2002	5 April 2017

**10. Further information about the Group's PRC establishments**

The Group has interests in the registered capital of seven companies established in the PRC. A summary of the corporate information of these companies is set out as follows:

(1)

(i) Enterprise:	PCKSP
(ii) Economic nature:	Limited liability company (wholly owned by entities of Taiwan, Hong Kong or Macau)
(iii) Registered owner:	CKSPG (100%)
(iv) Total investment:	HK\$353,800,000
(v) Registered capital:	HK\$200,000,000 (fully paid-up)
(vi) Attributable interest to the Company:	100%
(vii) Term:	50 years, from 7 June 1993 to 7 June 2043
(viii) Scope of business:	manufacturing, processing and sale of steel pipes

(2)

(i) Enterprise:	PCKSP (Lianyungang)
(ii) Economic nature:	Domestic enterprise
(iii) Registered owner:	PCKSP (100%)
(iv) Registered capital:	RMB700,000,000 (fully paid-up)
(v) Attributable interest to the Company:	100%
(vi) Term:	8 July 2009 to 7 July 2059
(vii) Scope of business:	Permitted operation: none General operation: manufacturing, processing and sale of steel pipes; sale of mining products, import and export of commodities and techniques

(3)

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|--|--|
| (i) Enterprise:                            | Hualong Anti-Corrosion   |
| (ii) Economic nature:                      | Limited liability company (jointly invested by entities of Taiwan, Hong Kong or Macau with local entities)             |
| (iii) Registered owner:                    | PCKSP (75%), CKSPG (25%)   |
| (iv) Total investment:                     | RMB20,600,000  |
| (v) Registered capital:                    | RMB20,600,000 (fully paid up)  |
| (vi) Attributable interest to the Company: | 100%   |
| (vii) Term:                                | 11 years, from 19 October 1999 to 19 October 2010  |
| (viii) Scope of business:                  | manufacturing of steel pipes which have undergone the anti-corrosive process, processing and sale of products produced |

(4)

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|--|--|
| (i) Enterprise:                            | GPR Steel Pipe   |
| (ii) Economic nature:                      | Limited liability company (wholly owned by entities of Taiwan, Hong Kong or Macau) |
| (iii) Registered owner:                    | CKSPG (100%)   |
| (iv) Total investment:                     | HK\$125,000,000  |
| (v) Registered capital:                    | HK\$50,000,000 (fully paid-up)   |
| (vi) Attributable interest to the Company: | 100%   |
| (vii) Term:                                | 11 years, from 16 October 2006 to 16 October 2017                                  |
| (viii) Scope of business:                  | manufacturing of steel pipes   |

(5)

- |                         |  |
|-------------------------|--|
| (i) Enterprise:         | GPR Coating  |
| (ii) Economic nature:   | Limited liability company (wholly owned by entities of Taiwan, Hong Kong or Macau) |
| (iii) Registered owner: | CKSPG (100%)   |
| (iv) Total investment:  | HK\$14,000,000   |

- |        |                                       |   |
|--------|---------------------------------------|---|
| (v)    | Registered capital:                   | HK\$10,000,000 (fully paid up)  |
| (vi)   | Attributable interest to the Company: | 100%  |
| (vii)  | Term:                                 | 11 years, from 16 October 2006 to 16 October 2017   |
| (viii) | Scope of business:                    | manufacturing of steel pipes which have undergone the anti-corrosive process, processing of steel pipes |
- (6)
- |        |                                       |  |
|--------|---------------------------------------|--|
| (i)    | Enterprise:                           | GPR Petrol-Fittings  |
| (ii)   | Economic nature:                      | Limited liability company (wholly owned by entities of Taiwan, Hong Kong or Macau) |
| (iii)  | Registered owner:                     | CKSPG (100%)   |
| (iv)   | Total investment:                     | HK\$7,000,000  |
| (v)    | Registered capital:                   | HK\$5,000,000 (fully paid up)  |
| (vi)   | Attributable interest to the Company: | 100%   |
| (vii)  | Term:                                 | 11 years, from 16 October 2006 to 16 October 2017                                  |
| (viii) | Scope of business:                    | manufacturing and processing of steel pipes and their spare parts                  |
- (7)
- |        |                                       |  |
|--------|---------------------------------------|--|
| (i)    | Enterprise:                           | GPR Casing Pipe  |
| (ii)   | Economic nature:                      | Limited liability company (wholly owned by entities of Taiwan, Hong Kong or Macau) |
| (iii)  | Registered owner:                     | CKSPG (100%)   |
| (iv)   | Total investment:                     | HK\$30,000,000   |
| (v)    | Registered capital:                   | HK\$21,000,000 (fully paid up)   |
| (vi)   | Attributable interest to the Company: | 100%   |
| (vii)  | Term:                                 | 11 years, from 16 October 2006 to 16 October 2017                                  |
| (viii) | Scope of business:                    | the manufacturing of steel casing pipes  |

## FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF AND EXPERTS

## 11. Directors

*(a) Disclosure of interests*

- (i) Mr. Chen is interested in the Reorganisation referred to in paragraph 4 of this Appendix.
- (ii) Save as disclosed in this prospectus, none of the Directors or their associates was engaged in any dealings with the Group during the two years preceding the date of this prospectus.

*(b) Particulars of service contracts*

Each of the executive Directors has entered into a service contract with the Company pursuant to which each of them agreed to act as an executive Director for an initial term of three years commencing from 1 February 2010.

Each of these executive Directors is entitled to a basic salary subject to an annual increment after 1 January 2011 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 5% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the management bonus payable to him. The annual salaries of the executive Directors provided under the service contracts are as follows:

<b>Name</b>	<b>Annual salary</b> <i>RMB</i>
Mr. Chen	2,400,000
Ms. Chen Zhao Nian	1,200,000
Ms. Chen Zhao Hua	1,200,000
	<hr/>
Total:	4,800,000
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Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from 1 February 2010. The Company intends to pay an aggregate directors' fees of about HK\$610,400 per annum to all our independent non-executive Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).



*(c) Directors' remuneration*

- (i) During the year ended 31 December 2008 and the eight months ended 31 August 2009, the aggregate emoluments paid by the Group to the Directors was approximately RMB1.26 million and RMB0.84 million respectively (equivalent to HK\$1.44 million and HK\$0.96 million respectively).
- (ii) Under the arrangements currently in force, the aggregate emoluments payable by the Group to the Directors for the year ending 31 December 2010 are estimated to be approximately RMB4,995,800.
- (iii) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31 December 2008 and the eight months ended 31 August 2009 as (i) an inducement to join or upon joining the Company; or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2008 and the eight months ended 31 August 2009.

*(d) Interests and short positions of Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations*

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue (and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option), the interests and short positions of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules once the Shares are listed, will be as follows:

<b>Name of Director</b>	<b>The Company/ name of associated corporation</b>	<b>Capacity</b>	<b>Number of securities or underlying shares (Note 1)</b>	<b>Percentage of shareholding</b>
Mr. Chen	The Company	Interest of a controlled corporation (Note 2)	700,000,000 (L)	70%

*Notes:*

1. The letter "L" denotes the Director's long position in the Shares.
2. These Shares are held by Bournam which is solely and beneficially owned by Mr. Chen.

**12. Interest discloseable under the SFO and substantial Shareholders**

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking account of any Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), the following persons (other than the Directors or chief executive officer of the Company) will have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares (Note 1)</b>	<b>Percentage of shareholding</b>
Bournam	Beneficial owner (Note 2)	700,000,000 (L)	70%
Su Xing Fang	Interest of spouse (Note 3)	700,000,000 (L)	70%

Notes:

1. The letter "L" denotes the entity's long position in the Shares.
2. The entire issued share capital of Bournam is solely and beneficially owned by Mr. Chen. Mr. Chen is deemed under the SFO to be interested in 700,000,000 Shares in issue on the Listing Date, which are subject to any borrowing arrangement which may be effected by the Stock Borrowing Agreement.
3. Madam Su Xing Fang, the spouse of Mr. Chen, is also deemed to be interested in such 700,000,000 Shares in which Mr. Chen is deemed to be interested.

**13. Connected transactions and related party transactions**

Save as disclosed in this prospectus and in note 34 of the accountants' reports of the Company set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, the Group has not engaged in any other material connected transactions or related party transactions.

**14. Disclaimers**

Save as disclosed in this prospectus:

- (i) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option or the options granted or which may be granted under the Share Option Scheme, the Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalisation Issue, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group;
- (ii) none of the Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under such provisions of the SFO, any interests or short position in the Shares or underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules once the Shares are listed on the Main Board;

- (iii) none of the Directors nor the experts named in paragraph 22 of this Appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of the Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of the Group nor will any Director apply for Shares either in his own name or in the name of a nominee;
- (iv) none of the Directors nor the experts named in paragraph 22 of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole; and
- (v) none of the experts named in paragraph 22 of this Appendix has any shareholding in any member in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in the Group.

## OTHER INFORMATION

### 15. Share Option Scheme

#### (a) Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the sole Shareholder on 23 January 2010:

##### (i) Purposes of the scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case-by-case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

##### (ii) Who may join

The Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which the Group holds an equity interest ("**Eligible Employee**");
- (bb) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of the Group or any Invested Entity;
- (dd) any customer of the Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

- (ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' option as to his contribution to the development and growth of the Group.

(iii) Maximum number of Shares

- (aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Main Board (i.e. not exceeding 100,000,000 Shares) (the "**General Scheme Limit**").
- (cc) Subject to (aa) above but without prejudice to (dd) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group shall not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(dd) Subject to (aa) above and without prejudice to (cc) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) Grant of options to connected persons

(aa) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(bb) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by Shareholders of the Company in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must be approved by the Shareholders of the Company in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) Ranking of Shares

(aa) Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

(bb) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reduction of the share capital of the Company from time to time.

(x) Restrictions on the time of grant of options

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the last date on which the Company must publish an announcement of its results for any year or half-year (under the Listing Rules), or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the announcement of the results, no option may be granted.

The Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Company, any of its subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.



## (xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

## (xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

## (xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

## (xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

The Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period referred to in paragraph (vi);
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvii) and (xviii);
- (cc) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph (xxii) by the grantee in respect of that or any other options.

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of the Company in general meeting.

(b) *Present status of the Share Option Scheme*

(i) Approval of the Listing Committee required

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

## (iii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

## (iv) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

**16. Estate duty, tax and other indemnities**

Each of Mr. Chen and Bournam (collectively the “Indemnifiers”) has entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph 8(d) of this Appendix) and all its present subsidiaries to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of the Group on or before the date on which the Global Offering becomes unconditional. The Indemnifiers have provided further indemnities in favour of our Group, on and subject to the terms and conditions of such deed of indemnity in connection with (i) any failure to obtain relevant building ownership certificates of certain buildings and structures which we own and occupy; and (ii) the retrospective obtaining of the relevant environmental approval only after certain production lines of our Group having commenced production, details of which are set out in the section headed “Business – Property” and “Business – Environmental Protection” respectively in this prospectus.

Under the deed of indemnity, the Indemnifiers have also given indemnities to the Group on a joint and several basis in relation to taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands, BVI and the PRC.

The deed of indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of the Company or any of its subsidiaries up to 31 August 2009; or
- (b) to the extent that such taxation or liability for such taxation falling on any member of the Group in respect of their accounting period commencing on or after 1 September 2009 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected, by any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
  - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 September 2009; or
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 August 2009 or pursuant to any statement of intention made in the prospectus; or

- (c) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
  - (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of the Group up to 31 August 2009 and which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this item (d) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.
17. The SFC has granted a certificate of exemption from strict compliance with the requirements in paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance. The Stock Exchange has also granted to the Company waivers from strict compliance with (a) Rule 4.04(1) of the Listing Rules in relation to the disclosure of financial information of the Group for each of the three financial years immediately preceding the issue of this prospectus on the conditions that (i) the Listing Date shall not be later than three months after the latest financial year-end of the Company, i.e. by 31 March 2010; (ii) Rule 8.06 of the Listing Rules is to be complied with, in that the latest financial period reported on by the reporting accountants of the Company as set out in the accountants' report in Appendix I to this prospectus shall not end more than six months before the date of this prospectus; and (iii) the grant of a certificate of exemption from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance by the SFC (which certificate has already been granted as at the Latest Practicable Date); (b) Rule 8.12 in respect of management presence in Hong Kong; and (c) the announcement requirement under Chapter 14A of the Listing Rules in respect of the transactions under the GZFLD Master Agreement and under the GZMT Master Agreement pursuant to Rule 14A.42(3) of the Listing Rules for the period up to the year ending 31 December 2012. Details of such waivers given by the Stock Exchange and the exemption given by the SFC (on the conditions that (i) particulars of the exemption be set forth in this prospectus; and (ii) this prospectus is issued on or before 28 January 2010) are set out in the section headed "Waivers from strict compliance with the Listing Rules and exemption from the Companies Ordinance" and the section headed "Connected transactions" of this prospectus.

## 18. Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries, that would have a material adverse effect on the results of operations or financial condition of the Group.

## 19. Joint Sponsors

The Joint Sponsors have made an application for and on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares that may be issued upon the exercise of the Over-allotment Option or any Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board. The Joint Sponsors are independent of the Company in accordance with Rule 3A.07 of the Listing Rules.

## 20. Preliminary expenses

The estimated preliminary expenses of the Company are approximately US\$3,650 and are payable by the Company.

**21. Promoter**

The promoter of the Company is Mr. Chen. Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no cash, securities, amount or other benefit has been paid, allotted or given to any promoter in connection with the Global Offering of the related transactions described in this prospectus.

**22. Qualifications of experts**

The qualifications of the experts who have given opinions or advices in this prospectus are as follows:

<b>Name</b>	<b>Qualification</b>
ICBCI	A corporation licensed under the SFO permitted to carry on Types 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
Access Capital	A corporation licensed under the SFO permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands barristers and attorneys
Ernst & Young	Certified Public Accountants
Jingtian & Gongcheng	Legal advisors to the Company as to PRC law
LCH (Asia-Pacific) Surveyors Limited	Professional Surveyor and independent assessor of the production capacity and utilisation rate of the production lines of our Group

**23. Consents of experts**

Each of ICBCI, Access Capital, Conyers Dill & Pearman, Ernst & Young, Jingtian & Gongcheng and LCH (Asia-Pacific) Surveyors Limited has given and has not withdrawn its written consents to the issue of this prospectus with copies of their reports, letters, valuation, opinions or summaries of opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

**24. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

**25. Taxation of holders of Shares**

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of the Company, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

## 26. Miscellaneous

- (a) Save as disclosed herein:
  - (i) within two years immediately preceding the date of this prospectus:
    - (aa) no share or loan capital of the Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
    - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
    - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Share in the Company or any of its subsidiaries; and
    - (dd) no amount or benefit has been paid or given or intended to be paid or given to the promoter of the Company;
  - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) there has been no material adverse change in the financial position or prospects of the Group since 31 August 2009 (being the date to which the latest audited combined financial statements of the Group were made up); and
  - (iv) there has not been any interruption in the business of the Group which may have or has had a material adverse effect on the financial position of the Group.
- (b) Subject to the provisions of the Companies Law, the register of members of the Company will be maintained in the Cayman Islands by Butterfield Fulcrum Group (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.



**27. Bilingual prospectus**

The English language and Chinese language version of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**28. Particulars of the Selling Shareholder**

The Selling Shareholder of the Sale Shares is Bournam, a company incorporated under the laws of BVI with limited liability on 11 June 1997, whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Mr. Chen is the sole registered holder and beneficial owner of the entire issued share capital in Bournam as well as its sole director.

Save as disclosed herein, none of the Directors is interested in the Sale Shares.