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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China Pipe Group Limited**, you should at once hand this document and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, registered dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**中國管業集團有限公司**  
**China Pipe Group Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00380)**

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE SHARES AND  
TO REPURCHASE SHARES,  
RE-ELECTION OF RETIRING DIRECTORS AND  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the board of directors of China Pipe Group Limited is set out on pages 4 to 8 of this document. A notice convening the annual general meeting of China Pipe Group Limited to be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 21 May 2015 at 10:00 a.m. is set out on pages 24 to 28 of this document.

Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting and any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting (or any adjournment thereof) should you so desire.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

13 April 2015

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## DEFINITIONS

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*In this document, unless the context otherwise requires, the following expressions have the following meanings:*

“2004 Scheme”	the share option scheme of the Company adopted on and with effect from 24 June 2004 pursuant to the ordinary resolution passed by Shareholders at a general meeting on 24 June 2004, which has expired on 23 June 2014
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by resolution of the Shareholders in its general meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 21 May 2015 at 10:00 a.m. or any adjournment thereof
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company as amended, supplemented or modified from time to time
“Companies Act”	the Companies Act 1981 of Bermuda as may from time to time be amended;
“Company”	China Pipe Group Limited, a company incorporated in Bermuda with limited liability and having its Shares listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Relationship”	the relationship between a Participant and the Company or any Subsidiary
“Grant Date”	in respect of an Option, the date (which shall be a Business Day) on which the grant of an Option is made to a Participant

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## DEFINITIONS

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“Grantee”	any Participant who accepts the grant of any Option in accordance with the terms of New Share Option Scheme or (where the context so permits) a person entitled under the New Share Option Scheme to exercise any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	8 April 2015, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting
“Notice”	the notice dated 13 April 2015 for convening the Annual General Meeting as set out on pages 24 to 28 of this document
“Option”	an option to subscribe for Shares granted to (and subject to acceptance by) a Participant pursuant to the New Share Option Scheme and “Options” shall be construed accordingly
“Option Period”	in respect of any particular Option, a period (which is of not more than 10 years from the Grant Date) to be determined and notified by the Board to the Grantee, commencing on the date as specified in the grant letter to the Participant, and expiring on the earliest of the last day of the said period or such time as specified in the New Share Option Scheme

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## DEFINITIONS

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“Participant”	any person being (i) any director (including any executive director, non-executive director or independent non-executive director) of any member of the Group, (ii) any employee (whether in full time or part-time employment) of any member of the Group, (iii) any consultant, adviser, supplier, customer or sub-contractor of the Group, and (iv) and other person whatsoever from time to time determined by the Board as having contributed to the development, growth or benefit of the Group;
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors to exercise the powers of the Company to repurchase Shares of up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“Scheme Period”	the period of 10 years commencing on the Adoption Date and expiring on the tenth anniversary of the Adoption Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Issue Mandate”	the proposed general mandate to be granted to the Directors to allot, issue and otherwise deal with new Shares of up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option, subject to adjustments
“Takeovers Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong

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## LETTER FROM THE BOARD

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# 中國管業集團有限公司 China Pipe Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00380)

*Executive Directors:*

Mr. Lai Guanglin (*Chairman*)  
Mr. Yu Ben Ansheng (*Chief Executive Officer*)  
Mr. Lai Fulin

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12 Bermuda

*Non-executive Director:*

Mr. U Kean Seng

*Head office and principal place of  
business in Hong Kong:*

12th Floor  
Phase I, Austin Tower  
22-26A Austin Avenue  
Tsim Sha Tsui Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Mr. Wong Yee Shuen, Wilson  
Mr. Chen Wei Wen  
Ms. Yang Li

13 April 2015

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTORS AND ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

The purpose of this document is to provide you with the information on the resolutions to be proposed at the Annual General Meeting relating to (i) the granting of the Share Issue Mandate and the Repurchase Mandate to the Directors; (ii) the extension of the Share Issue Mandate by the number of Shares repurchased under the Repurchase Mandate; (iii) the re-election of retiring Directors; and (iv) the adoption of the New Share Option Scheme.

#### **2. GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 16 May 2014, ordinary resolutions were passed by the Shareholders giving general mandates to the Directors to exercise the power of the Company to repurchase its own Shares in accordance with the Listing Rules and to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the issued share capital of the Company, as at the date of passing of the resolutions. These mandates will lapse at the conclusion of the Annual General Meeting.

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## LETTER FROM THE BOARD

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At the Annual General Meeting, separate ordinary resolutions will be proposed to seek the approval of the Shareholders to grant to the Directors general mandates to:

- (i) allot and issue and deal with further Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution;
- (ii) repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and
- (iii) subject to the passing of the aforesaid ordinary resolutions of the Share Issue Mandate and the Repurchase Mandate, allot and issue new Shares in an amount not exceeding the aggregate nominal amount of the Shares purchased pursuant to the Repurchase Mandate.

A statement explaining the proposed general mandate to repurchase Shares is set out in the explanatory statement in **Appendix I** to this document in accordance with the Listing Rules.

Subject to the passing of the ordinary resolution granting the Share Issue Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under Share Issue Mandate to issue a maximum of 266,654,000 Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the issued share capital of the Company was 1,333,270,000 Shares.

### **3. RE-ELECTION OF RETIRING DIRECTORS**

Under item 2 in the Notice, resolutions will be proposed at the Annual General Meeting to re-elect retiring Directors. In accordance with Bye-law 99 of the Bye-laws, Mr. Lai Fulin, Mr. U Kean Seng and Mr. Wong Yee Shuen, Wilson will retire from office by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting.

Pursuant to Rule 13.74 of the Listing Rules, biographical details of Mr. Lai Fulin, Mr. U Kean Seng and Mr. Wong Yee Shuen, Wilson are set out in **Appendix II** to this document.

### **4. ANNUAL GENERAL MEETING**

The Annual General Meeting will be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 21 May 2015 at 10:00 a.m.. The Notice is set out on pages 24 to 28 of this document.

A form of proxy for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong,

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## LETTER FROM THE BOARD

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Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting (or any adjournment thereof) should you so wish.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the Annual General Meeting.

The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

### **5. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

The 2004 Scheme was adopted by the Company on 24 June 2004 and has expired on 23 June 2014. As at the Latest Practicable Date, the number of Shares issuable upon full exercise of the options granted and remaining outstanding pursuant to the 2004 Scheme is 20,300,000. These options shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects, the provisions of the 2004 Scheme shall remain in full force and effect notwithstanding the expiry of the 2004 Scheme.

After the expiry of the 2004 Scheme, the Company currently does not have any share option scheme. The Directors consider that the Company should adopt the New Share Option Scheme and wish to take the opportunity of the Annual General Meeting to seek Shareholders' approval therefor. The terms of the New Share Option Scheme have been prepared in compliance with Chapter 17 of the Listing Rules. The Company will continue to comply with the relevant Listing Rules from time to time in force in respect of the New Share Option Scheme. Summary of the principal terms of the New Share Option Scheme is set out in **Appendix III** to this circular.

The purpose of the New Share Option Scheme is to recognize and acknowledge the contributions or potential contributions made or to be made by the Participants to the Group, to motivate the Participants to optimize their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the Participants whose contributions are or may be beneficial to the growth of the Group.

The Board may in its absolute discretion prescribe the terms on which the Option(s) is to be granted (including (i) the exercise price of the Option (subject to Listing Rules requirements) and (ii) the minimum period for which an Option(s) must be held and/or a performance target which must be achieved before an Option can be exercised) either on a case by case basis or generally. The Directors are of the view that the New Share Option



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## LETTER FROM THE BOARD

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Scheme will provide the Board with flexibility in determining (amongst other things) the vesting scales, applicable performance targets and other conditions to which the specific grant of Options may be subject and thereby will place the Group in a better position to provide the appropriate incentives to Participants to contribute to the Group and to enable the Group to attract valuable human resources.

The New Share Option Scheme is conditional upon: (a) the passing of an ordinary resolution by the Shareholders in general meeting to approve the adoption of the New Share Option Scheme; and (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, on the Stock Exchange any Shares which may fall to be allotted and issued pursuant to the exercise of Options that may be granted under the New Share Option Scheme.

An application will be made to the listing committee of the Stock Exchange for the listing of and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the New Share Option Scheme.

The total number of Shares which may be issued on the Adoption Date under the New Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 133,327,000 Shares, representing 10% of the Shares in issue as at the Adoption Date, assuming that no further Shares will be issued or repurchased between the Latest Practicable Date and the Adoption Date.

The maximum aggregate number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30 per cent of the Shares in issue from time to time. No option may be granted under any schemes of the Company (or its subsidiary) if this will result in such limit being exceeded.

Save as disclosed in **Appendix III**, no dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised (including those arising on a liquidation of the Company).

None of the Director is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee, if any.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Board believes that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the Options to be granted shall not be assignable, and no holder of the Option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option.

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## LETTER FROM THE BOARD

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In addition, the calculation of the value of the Options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Board believes that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

A copy of the New Share Option Scheme will be available for inspection at the head office and principal place of business of the Company at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting.

### 6. VOTING BY POLL

The Company would like to inform the Shareholders that pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the Annual General Meeting will, pursuant to Bye-law 70 of the Bye-laws, demand a poll vote on all the resolutions to be proposed at the Annual General Meeting accordingly.

An announcement on the poll results will be published after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### 7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 8. RECOMMENDATION

The Board is pleased to recommend the retiring Directors for re-election as set out in **Appendix II** for Shareholders' consideration. The Board also considers that the granting of the Share Issue Mandate and the Repurchase Mandate to the Directors and the extension of the Share Issue Mandate by the number of Shares repurchased under the Repurchase Mandate and the adoption of New Share Option Scheme would be in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

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

This appendix serves as an explanatory statement given to Shareholders, as required under the Listing Rules in connection with the proposed Repurchase Mandate.

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was 1,333,270,000 Shares.

Subject to the passing of resolution no. 4(A) in relation to the Repurchase Mandate as set out in the Notice as an ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 133,327,000 Shares representing not more than 10% of the issued share capital of the Company as at the date of passing of such resolution.

## **2. REASONS FOR REPURCHASES**

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

## **3. FUNDING FOR REPURCHASES**

Share repurchases would be funded entirely out of the Company's available cash flow or working capital facilities which will be funds legally available for the purpose as well as in accordance with the memorandum of association of the Company, Bye-laws and the Companies Act. The Companies Act provides that the amount of capital paid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on a repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2014) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date were as follows:

	Share Prices (per share)	
	Highest	Lowest
	HK\$	HK\$
<b>2014</b>		
April	0.46*	0.33*
May	0.34*	0.31*
June	0.31*	0.28*
July	0.35*	0.29*
August	0.47*	0.29*
September	0.72*	0.38*
October	0.56*	0.42*
November	0.81*	0.39*
December	0.73*	0.33*
<b>2015</b>		
January	0.41	0.26
February	0.35	0.075
March	0.395	0.28
April (up to the Latest Practicable Date)	0.37	0.33

\* Adjusted taken into account the effect of the consolidation of every 10 shares of the Company with a nominal value of HK\$0.002 each into 1 consolidated share of the Company with a nominal value of HK\$0.02 each, which became effective on 19 January 2015.

#### 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

#### 6. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders at the Annual General Meeting.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

**7. TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING**

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code) could, depending on the level of increase in the Shareholders' interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Lai Guanglin, an Executive Director and the Chairman of the Company, has an indirect interest in 770,552,120 Shares representing approximately 57.79% of the issued share capital of the Company and Mr. Yu Ben Ansheng, an Executive Director and Chief Executive Officer of the Company, has a direct and indirect interest in 149,000,000 Shares representing approximately 11.18% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, then (if the present Shareholders' interests in Shares remain the same) the attributable shareholding of Mr. Lai Guanglin and Mr. Yu Ben Ansheng would be increased to approximately 64.22% and 12.42% of the issued share capital of the Company respectively. Such increases will not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases of Shares pursuant to the Repurchase Mandate.

The Directors do not intend to exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate to the extent that would render the aggregate amount of the issued share capital of the Company in the public hands to less than 25%.

**8. SHARE PURCHASE MADE BY THE COMPANY**

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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## APPENDIX II DETAILS OF RETIRING DIRECTORS FOR RE-ELECTION

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The biographical details of Directors who are proposed to be re-elected at the Annual General Meeting are set out below for Shareholders' information.

### **LAI FULIN**

*Executive Director*

**Mr. Lai Fulin**, aged 49, was appointed as Executive Director of the Company in October 2009. Mr. Lai is Head of Production & Purchasing of the Group and mainly responsible for the overall operation and management of the production and purchasing department. Mr. Lai has over 20 years of experience in the banking sector, investments management and general management of companies in China. Mr. Lai worked in the Bank of China in Shenzhen during 1986 to 2001. During 1995 to 2001, he was the deputy general manager of a subsidiary of Bank of China dealing with businesses in the securities industry. During 2002 to 2008, Mr. Lai was the general manager of Shenzhen Huao Guanli Technologies Company Limited (深圳市華奧冠力科技實業有限公司). Mr. Lai holds a certificate of graduation in Chinese Language from Shenzhen Institute of Education (深圳教育學院).

Mr. Lai did not hold any directorships in other listed public companies in the last three years. Save as disclosed above, Mr. Lai has no other major appointments and professional qualifications.

Mr. Lai is the younger brother of Mr. Lai Guanglin, the controlling shareholder, the Chairman and Executive Director of the Company. Save as disclosed above, Mr. Lai is not connected with any directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lai has interests in 5,000,000 share options in the Company within the meaning of Part XV of the SFO.

Mr. Lai has entered into a letter of appointment with the Company with no specific term. He is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Lai is entitled to receive a director's basic salary in the amount of HK\$1,557,600 per annum, other benefit and discretionary bonus which are determined by reference to his duties and responsibilities, experience, the prevailing market conditions and the financial results of the Group. Mr. Lai is currently a director of certain subsidiaries of the Company. Save as disclosed above, Mr. Lai does not hold any other position in the Company or any subsidiaries of the Company.

Save as disclosed above, there is nothing in respect of Mr. Lai which needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor is there anything which needs to be brought to the attention of the Shareholders in connection with his re-election.

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## APPENDIX II DETAILS OF RETIRING DIRECTORS FOR RE-ELECTION

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### U KEAN SENG

*Non-executive Director*

**Mr. U Kean Seng**, aged 48, was appointed as Non-executive Director of the Company in February 2009. He is also a member of the Audit Committee of the Company. Mr. U has more than 18 years of experience in legal practice. Mr. U specialises in the area of corporate law and corporate finance. Mr. U was admitted to the Supreme Court of Victoria, Australia in 1991, the Singapore Bar in 1993 and the Roll of Solicitors for England and Wales in 2009. Mr. U holds a bachelor's degree in economics and a bachelor's degree in laws (Honours) from Monash University, Australia. Mr. U currently holds the professional appointment as the Head of Corporate and Legal Affairs of Agria Corporation, a company listed on the New York Stock Exchange. Brothers Capital Limited, an investment vehicle wholly-owned by Mr. Lai Guanglin, is the largest shareholder of Agria Corporation. Mr. U was appointed as a director of PGG Wrightson Limited, a company listed on the New Zealand Stock Exchange, on 4 December 2012. Mr. U served as an independent director of GRP Limited, a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), from 7 June 2004 to 31 December 2012 and served as an independent director of Miyoshi Precision Limited, a company listed on the SGX-ST, from 13 February 2004 to 27 December 2013.

Save as disclosed above, Mr. U did not hold any directorships in other listed public companies in the last three years. Save as disclosed above, Mr. U has no other major appointments and professional qualifications.

Mr. U has entered into a service contract with the Company for a term commencing from 1 January 2015 to 31 December 2015. He is subject to retirement by rotation and re-election in accordance with the Bye-Laws. Mr. U is entitled to a director's fee of HK\$200,000 per annum and share based payment which are determined by reference to his duties and responsibilities, experience and the prevailing market conditions. Save as disclosed above, Mr. U does not hold any other position in the Company or any subsidiaries of the Company.

Mr. U is not connected with any directors, senior management or substantial Shareholders or controlling Shareholders. As at the Latest Practicable Date, Mr. U has interests in 3,000,000 share options in the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is nothing in respect of Mr. U which needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor is there anything which needs to be brought to the attention of the Shareholders in connection with his re-election.

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## APPENDIX II DETAILS OF RETIRING DIRECTORS FOR RE-ELECTION

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### **WONG YEE SHUEN, WILSON**

*Independent Non-executive Director*

**Mr. Wong Yee Shuen, Wilson**, aged 47, was appointed as Independent Non-executive Director of the Company in February 2009. He is also the Chairman of the Audit Committee of the Company. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and member of Australia CPA and Australian Institute of Banking and Finance. He holds a master of commerce degree, specializing in banking and finance from the University of New South Wales. With more than 20 years of experience in PricewaterhouseCoopers and Ernst and Young, Mr. Wong specializes in the area of auditing banks and listed companies. Mr. Wong currently is the chief financial officer of China Animation Characters Company Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. Wong served as an independent non-executive director of PanAsialum Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited, from 18 January 2013 to 4 July 2014.

Save as disclosed above, Mr. Wong did not hold any directorships in other listed public companies in the last three years. Save as disclosed above, Mr. Wong has no other major appointments and professional qualifications.

Mr. Wong has entered into a service contract with the Company for a term commencing from 1 January 2015 to 31 December 2015. He is subject to retirement by rotation and re-election in accordance with the Bye-Laws. Mr. Wong is entitled to a director's fee of HK\$200,000 per annum and share based payment which are determined by reference to his duties and responsibilities, experience and the prevailing market conditions. Save as disclosed above, Mr. Wong does not hold any other position in the Company or any subsidiaries of the Company.

Mr. Wong is not connected with any directors, senior management or substantial Shareholders or controlling Shareholders. As at the Latest Practicable Date, Mr. Wong has interests in 1,000,000 share options in the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is nothing in respect of Mr. Wong which needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor is there anything which needs to be brought to the attention of the Shareholders in connection with his re-election.



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## **APPENDIX III                      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

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### **1.    PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to recognize and acknowledge the contributions or potential contributions made or to be made by the Participants to the Group, to motivate the Participants to optimize their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the Participants whose contributions are or may be beneficial to the growth of the Group.

### **2.    WHO MAY JOIN**

The Board may, at their absolute discretion, invite any person belonging to any of the following classes of Participants, to take up Options to subscribe for Shares:

- (a) any director (including any executive director, non-executive director or independent non-executive director) of any member of the Group;
- (b) any employee (whether in full time or part-time employment) of any member of the Group;
- (c) any consultant, adviser, supplier, customer or sub-contractor of the Group, and
- (d) and other person whatsoever from time to time determined by the Board as having contributed to the development, growth or benefit of the Group.

### **3.    GRANT OF OPTION**

On and subject to the terms of the New Share Option Scheme, the Board shall be entitled but shall not be bound at any time during the Scheme Period to offer to grant to any Participant as the Board may in its absolute discretion select and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price.

A grant of an Option shall be made to a Participant by letter (the “Grant Letter”) in such form as the Board may from time to time determine. The grant shall be personal to the Participant concerned and not transferable and shall remain open for acceptance by the Participant for a period of 28 days from the Grant Date, provided that no such grant shall be open for acceptance after the expiry of the Scheme Period or after the New Share Option Scheme has been terminated (if applicable).

An Option shall be regarded as having been accepted when the duplicate of the Grant Letter, comprising acceptance of the Option, duly signed by the Participant together with a remittance in favour of the Company of HK\$10.00 by way of consideration for the grant thereof is received by the Company within the 28-day period referred to in the preceding paragraph. The remittance shall not be refundable. Any grant of an Option may be accepted in respect of less than the total number of Shares in respect of which it is granted, provided that it is accepted in respect of such number of Shares as represents a board lot in which Shares are traded on the Stock Exchange or an integral multiple thereof and such number is

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clearly stated in the duplicate letter and accepted by such Participant. To the extent that the grant of an Option is not accepted within 28 days from the Grant Date (or such shorter period as is mentioned in the Grant Letter) in the manner indicated in this paragraph, the grant will be deemed to have been irrevocably declined and shall lapse.

No Option may be made after an event which constitutes inside information (as defined in the SFO) of the Group has occurred or such matter has been the subject of a decision until such inside information has been announced in accordance with the Listing Rules and the SFO nor within the period commencing one month immediately before the earlier of (a) the date of the board meeting of the Company for the approval of the Company's results for any financial period; and (b) the deadline for the Company to publish an announcement of its results for any financial period, and ending on the date of such results announcement (including any period of delay in publishing such results announcement).

**4. SUBSCRIPTION PRICE**

The Subscription Price for Shares under the New Share Option Scheme will be a price determined by the Board and notified to each Grantee and will be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Grant Date, which must be a Business Day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five Business Days immediately preceding the Grant Date; and (c) the nominal value of a Share.

**5. MAXIMUM NUMBER OF SHARES**

- (a) Subject to the provisions of this paragraph 5 and paragraph 12, the maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company in issue, shall entitle the grantees to exercise up to an aggregate of 10 per cent. of the total number of Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the 10 per cent. limit.
- (b) The Company may, subject to the approval of the Shareholders in general meeting and the issue of a circular in accordance with the requirements of the Listing Rules, refresh the 10 per cent. limit set out in (a) above such that the total number of Shares in respect of which Options may be granted by the Directors under the New Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 10 per cent. of the Shares in issue at the date of approval to refresh such limit. Options previously granted under the New Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with such schemes) will not be counted for the purpose of calculating the limit as "refreshed".

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**APPENDIX III                      SUMMARY OF THE PRINCIPAL TERMS OF THE  
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- (c) The Company may grant Options to specifically identified Participant(s) beyond the 10 per cent. limit if the grant of such Options is specifically approved by the Shareholders in general meeting and a circular is issued in accordance with the requirements of the Listing Rules.
- (d) Notwithstanding the above, the maximum number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company in issue shall not exceed 30 per cent. of the total number of Shares in issue from time to time.
- (e) No Participant shall be granted an Option which, if exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares issued and to be issued pursuant to all the Options previously granted to him under the New Share Option Scheme and any other share option schemes of the Company in any 12-month period up to the date of grant of the Option, would exceed 1 per cent. of the aggregate number of Shares in issue unless the grant of such Option is specifically approved by the Shareholders in general meeting and a circular in relation to the proposal for such further grant is issued in accordance with the requirements of the Listing Rules from time to time. The Participant and his associates shall abstain from voting at such general meeting. The number and terms of the option to be granted to such Participant shall be fixed before the Shareholders' approval as mentioned above. For the purpose of calculating the exercise price for the Shares in respect of the further option proposed to be so granted, the date of Board meeting for proposing such grant of further option shall be taken as the date of grant of the option.

**6. REQUIREMENTS ON GRANTING TO CONNECTED PERSONS**

If Options are granted to a connected person, the granting of such Options will be subject to approval by the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Options). Where any grant of Options to 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 (a) representing in aggregate over 0.10 per cent of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the Grant Date in excess of HK\$5 million; such further grant of Options must be approved by the Shareholders in compliance with rule 13.40, 13.41 and 13.42 of the Listing Rules. A circular to Shareholders in connection with obtaining the aforesaid Shareholders' approval shall be prepared by the Company.

**7. TIME OF EXERCISE OF OPTION AND PERFORMANCE TARGET**

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee during the Option Period.

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Unless specified in the terms of any relevant offer, the Grantee is not required to achieve any performance target before the relevant options may be exercised.

**8.    RIGHTS ARE PERSONAL TO GRANTEE**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing (save that the Grantee may nominate a nominee to hold the Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme on trust for the sole benefit of such Grantee provided that evidence of such trust arrangement between the Grantee and the nominee shall be provided to the satisfaction of the Company). The Company may, after having reasonably satisfied itself that the Grantee has committed or attempted to commit a breach of this paragraph, forthwith revoke any Option granted to such Grantee (to the extent not already exercised) by notice. Such revocation notice shall be final and binding on such Grantee and the Grantee shall not be entitled to claim any loss or damage against the Company or any of its directors for such revocation provided that the Company has acted in good faith.

**9.    RIGHTS ON CEASING EMPLOYMENT**

If the Grantee of an outstanding Option ceasing to be such employee or officer for any reason, other than his death, ill health, disability or insanity or the termination of his employment or office on one or more of the grounds specified in paragraph 15(e), the grantee may only exercise the option within a period of one (1) month thereafter (or such longer period as the Board may determine).

**10.   RIGHTS ON DEATH**

Subject to paragraph 15(e), if the Grantee of an outstanding Option dies, the legal personal representative(s) of the Grantee may only exercise the option within a period of twelve (12) months thereafter (or such longer period as the Board may determine).

**11.   RIGHTS ON ILL HEALTH**

Subject to paragraph 15(e), if the Grantee of an outstanding Option ceasing to be such employee or officer by reason of ill health, disability or insanity and none of the events which would be a ground for termination of his employment or office specified in paragraph 15(e) has occurred, such Grantee or the legal personal representative(s) of that Grantee may only exercise the option within a period of six (6) months thereafter (or such longer period as the Board may determine).

**12.   RIGHTS ON TAKEOVER**

If a general offer to acquire shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror

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and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise the Option (to the extent not already exercised) in full or to the extent specified in the notice to exercise such Option at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of one (1) month after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse.

**13. RIGHTS ON WINDING-UP**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than thirty (30) days prior to the record date for ascertaining entitlements to attend and vote at the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the record date in ascertaining entitlements to attend and vote at the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. If an application is made to the court (otherwise than where the Company is being voluntarily wound up), pursuant to the Companies Act, in connection with a proposed compromise or arrangement between the Company and its members (or any class of them), the Grantee may by notice in writing to the Company within twenty-one (21) days after the date of such application, exercise the Option in full (to the extent not already exercised) or to the extent specified in such notice.

**14. RIGHTS ON COMPROMISE OR ARRANGEMENT**

In the event of a compromise or arrangement between the Company and its shareholders or creditors being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee (or his or her legal personal representative(s)) on the same day as it gives notice of the meeting to, its shareholders or creditors to consider such compromise or agreement, and thereupon the Grantee (or his or her legal personal representative(s)) may, during the period commencing with the date of the aforesaid notice and ending with the earlier of the date two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the court, exercise any of an Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Board shall endeavour, subject to applicable laws and regulations, to procure that the Shares issued as a

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result of the exercise of the Options under this paragraph shall for the purpose of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the New Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

**15. LAPSE OF OPTION**

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

- (a) the expiry of the Option Period;
- (b) the expiry of any of the other periods referred to in paragraphs 9,10,11,12 or 13;
- (c) subject to paragraph 13, the earliest of the close of business on the second Business Day prior to the record date for ascertaining entitlements to attend and vote at the general meeting referred to in paragraph 13 or the date of the commencement of the winding-up of the Company;
- (d) save as otherwise provided in paragraph 12 or by the court in relation to the scheme in question, upon the sanctioning pursuant to the Companies Act by the Supreme Court of Bermuda of a compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (e) where the Grantee is an employee (including any executive Director) or an officer (including any non-executive Director and independent non-executive Director) of the Company or any Subsidiary, the date on which the Grantee ceases to be such employee or officer by reason of the termination of his employment or office on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment or office at common law or pursuant to any applicable laws or under the Grantee's service contract or terms of office with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment or office of a Grantee has or

has not been terminated on one or more of the grounds specified in this paragraph or that one or more of the grounds specified in this paragraph has arisen in respect of the employment or office of a Grantee shall be conclusive and binding on the Grantee and, where appropriate, the Grantee's legal personal representative(s);

- (f) where the Grantee is in an Eligible Relationship (other than in a position as an employee or officer) with the Company or any subsidiary, the date on which the Grantee ceases to be in such Eligible Relationship with the Company or any subsidiary for any reason;
- (g) where the Grantee commits a breach as stated in paragraph 8, the date on which the Board shall exercise the Company's right to cancel the Option;
- (h) if an Option was granted subject to certain conditions, restrictions or limitations, the date on which the Board resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitations; or
- (i) the occurrence of such event or expiry of such period as may have been specifically provided for in the letter in respect of the grant of an Option, if any.

#### **16. EFFECTS OF REORGANISATION OF TO CAPITAL STRUCTURE**

In the event of any capitalisation issue, rights issue, consolidation or sub-division of Shares or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) whilst an Option remains outstanding (i.e. in that it is granted and not yet exercised, but has not lapsed or been cancelled), corresponding adjustments (if any) shall be made in: (a) the number of Shares subject to the New Share Option Scheme; (b) the number of Shares subject to outstanding Options; and/or (c) the Subscription Price in relation to each outstanding Option, provided that any such adjustments shall be made such that the proportion of the issued share capital of the Company to which an Option entitles the Grantee to subscribe after such adjustment must be the same as that to which the Option entitled the Grantee to subscribe immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value. In respect of any adjustment required by this paragraph, other than any made on a capitalisation issue, an independent financial adviser or the auditor of the Company must also confirm to the Board in writing that the adjustments satisfy the foregoing provision. The capacity and role of the independent financial adviser or the auditor of the Company under this paragraph is that of experts and not of arbitrators and their confirmation shall (in the absence of manifest error) be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the auditor of the Company shall be borne by the Company.



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**17. RANKING OF SHARES**

The Shares to be allotted upon exercise of Options will be subject to all the provisions of the Bye-laws and will rank *pari passu* in all respects with the other Shares in issue at the relevant date of allotment except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the relevant date of allotment.

**18. CANCELLATION OF OPTIONS GRANTED**

The Board may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any Options granted but not exercised and grants new Options to the same Grantee, such grant of new Options may only be made under the New Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within each of the 10-per cent. limits as referred to in paragraph 5 above.

**19. PERIOD OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme will remain valid for a period of 10 years commencing on the Adoption Date (subject to early termination).

The Company may by resolution in general meeting or at a meeting of the Board at any time terminate the operation of the New Share Option Scheme and in such event no further Option shall be offered or accepted but the Options which are granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue and in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect.

**20. ALTERATION TO THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting. No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Bye-Laws for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the New Share Option Scheme, which are of a material nature or any change to the terms of Options granted except where such alterations take effect automatically under the terms of the New Share Option Scheme, and



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any change to the authority of the Directors or the New Share Option Scheme administrators in relation to any alteration to the terms of the New Share Option Scheme, must be approved by the Shareholders in general meeting.

**21. CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional upon: (a) the passing of an ordinary resolution by the Shareholders in general meeting to approve the adoption of the New Share Option Scheme; and (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, on the Stock Exchange any Shares which may fall to be allotted and issued pursuant to the exercise of Options that may be granted under the New Share Option Scheme.

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## NOTICE OF ANNUAL GENERAL MEETING

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# 中國管業集團有限公司 China Pipe Group Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00380)**

(the “Company”)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of the Company will be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 21 May 2015 at 10:00 a.m. for the purpose of transacting the following business:

1. to receive and consider the audited consolidated financial statements, the report of the directors and the independent auditor’s report for the year ended 31 December 2014;
2. to re-elect directors and to authorise the board of directors to fix the remuneration of directors;
3. to re-appoint Messrs. PricewaterhouseCoopers as independent auditor and to authorise the board of directors to fix its remuneration; and
4. as special business, to consider, and if thought fit, pass the following resolutions as ordinary resolutions of the Company with or without amendments:

### ORDINARY RESOLUTIONS

(A) “**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed or traded and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount

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## NOTICE OF ANNUAL GENERAL MEETING

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of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Bermuda or the bye-laws of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting of the Company.”

- (B) **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
  - (i) a Rights Issue (as hereinafter defined);

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the exercise of any rights of subscription or conversion under the terms of any warrants, options, bonds, notes, debentures, and any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company;
- (iii) an issue of shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement or rights to acquire shares of the Company; or
- (iv) an issue of shares pursuant to any scrip dividends or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company from time to time,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the bye-laws of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting of the Company.

“Rights Issue” means the allotment, issue or grant of shares pursuant to an offer of shares or an offer of options, warrants or other securities of the Company giving rights to subscribe for shares, open for acceptance for a period fixed by the directors of the Company to the holders of shares of the Company whose names appear on the register of shareholders of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or

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## NOTICE OF ANNUAL GENERAL MEETING

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having regard to any restrictions or obligations, or the expense and delay in determining the extent of any restrictions or obligations, under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory or otherwise howsoever applicable to the Company).”

- (C) “**THAT** subject to the passing of resolutions nos. 4(A) and 4(B) set out in the notice convening this meeting, the general mandate granted to the directors to allot, issue and deal with additional shares pursuant to resolution no. 4(B) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal value of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 4(A) set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal value of the issued share capital of the Company at the date of passing this resolution.”
- (D) “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the Shares fall to be issued pursuant to the exercise of any options granted under the new share option scheme, a copy of which marked “A” is produced to the meeting and for the purpose of identification signed by the Chairman hereof (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby approved and adopted by the Company and that the directors of the Company be and are hereby authorised to grant options to the participants under the New Share Option Scheme and to allot and issue Shares upon the exercise of any options granted thereunder and pursuant to the terms and conditions thereof, and to do all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the New Share Option Scheme.”

By order of the Board  
**China Pipe Group Limited**  
**Lai Guanglin**  
*Chairman*

Hong Kong, 13 April 2015

*Notes:*

1. A shareholder entitled to attend and vote at this meeting (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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## NOTICE OF ANNUAL GENERAL MEETING

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3. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. Regarding resolution no. 2 above, the details of the retiring directors are set out in Appendix II to the circular dated 13 April 2015 (the “Circular”).
5. Regarding resolution no. 4(A) above, the directors of the Company wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders.
6. In accordance with the Rules Governing the Listing of Securities on the Stock Exchange, an explanatory statement setting out the terms and conditions upon which the powers to be granted under resolution no.4(A) is set out in Appendix I to the Circular.
7. Regarding resolution no. 4(B) above, approval is being sought from shareholders as a general mandate in compliance with the Rules Governing the Listing of Securities on the Stock Exchange, in order to ensure flexibility and discretion to the directors of the Company in the event that it becomes desirable to issue any shares of the Company up to 20% of the issued share capital of the Company.