
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular 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 (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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



中國管業集團有限公司
China Pipe Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 380)

**PROPOSED SHARE CONSOLIDATION,
PROPOSED CHANGE IN BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out from pages 5 to 9 of this circular.

A notice convening a special general meeting of the Company (the “**SGM**”) to be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 16 January 2015 at 11:30 a.m. is set out from pages 10 to 11 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M 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 the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

31 December 2014

CONTENT

	<i>Page</i>
Definitions	1
Expected timetable	3
Letter from the Board	5
Notice of SGM	10

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which licensed banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the shares of the Company for trading on the Stock Exchange from 20,000 Shares to 4,000 Consolidated Shares
“Company”	China Pipe Group Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	Share(s) of par value of HK\$0.02 each in the share capital of the Company upon completion of the Share Consolidation
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 December 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Options”	the right(s) granted under the Share Option Scheme to subscribe for shares of the Company in accordance with the Share Option Scheme

DEFINITIONS

“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened for and held on 16 January 2015 to consider and, if thought fit, approve, the proposed Share Consolidation
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.002 each into one (1) Consolidated Share of par value of HK\$0.02
“Share Option Scheme”	the share option scheme of the Company adopted on 24 June 2004
“Share(s)”	ordinary share(s) in the issued and unissued capital of the Company, the par value of which being of HK\$0.002 each prior to the Share Consolidation
“Shareholder(s)”	holder(s) of Shares or Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%” or “per cent.”	percentage or per centum

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

EXPECTED TIMETABLE

Set out below is the proposed timetable for the Share Consolidation and Change in Board Lot Size:

Event	Time and date
Latest time for return of proxy form of the SGM (not less than 48 hours prior to time of the SGM)	11:30 a.m. on Wednesday, 14 January 2015
SGM	11:30 a.m. on Friday, 16 January 2015
Announcement of results of the SGM	Friday, 16 January 2015
Effective date of the Share Consolidation	Monday, 19 January 2015
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 19 January 2015
Original counter for trading in Shares (in board lots of 20,000 Shares) closes	9:00 a.m. on Monday, 19 January 2015
Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 19 January 2015
First day for free exchange of existing share certificates for new share certificates for Consolidated Shares commences	Monday, 19 January 2015
Original counter for trading in Consolidated Shares in new board lots of 4,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 2 February 2015
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Monday, 2 February 2015
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins	Monday, 2 February 2015
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Tuesday, 24 February 2015

EXPECTED TIMETABLE

Temporary counter for trading in board lots of
2,000 Consolidated Shares (in the form of existing
share certificates) closes 4:00 p.m. on Tuesday,
24 February 2015

Parallel trading in Consolidated Shares
(in the form of new and existing certificates) ends 4:00 p.m. on Tuesday,
24 February 2015

Last day for free exchange of existing certificates for
new certificates for Consolidated Shares Friday, 27 February 2015

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

LETTER FROM THE BOARD



中國管業集團有限公司
China Pipe Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 380)

Executive Directors:

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

Non-executive Director:

Mr. U Kean Seng

Independent non-executive Directors:

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

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*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

31 December 2014

To the Shareholders,

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION,
PROPOSED CHANGE IN BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 December 2014.

The purpose of this circular is to provide you with information in respect of, among other things, (i) the proposed Share Consolidation, (ii) the proposed Change in Board Lot Size and (iii) the notice of the SGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of par value of HK\$0.002 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.02.

LETTER FROM THE BOARD

Conditions of the Share Consolidation

The Share Consolidation is conditional upon (i) the passing of the relevant resolution to approve the Share Consolidation by the Shareholders at the SGM; and (ii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Consolidated Shares and the Consolidated Shares which may fall to be issued upon exercise of the Outstanding Options.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

Effect of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 250,000,000,000 Shares of HK\$0.002 each, of which 13,332,700,000 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$500,000,000 divided into 25,000,000,000 Consolidated Shares of HK\$0.02 each, of which 1,333,270,000 Consolidated Shares will be in issue which are fully paid or credited as fully paid following the Share Consolidation becoming effective.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the Share Consolidation becoming effective, which is expected to be on Monday, 19 January 2015, Shareholders may, during the period from Monday, 19 January 2015 to Friday, 27 February 2015 (both days inclusive) between 9:00 a.m. and 4:00 p.m. on any Business Day, submit share certificates for the existing Shares in grey colour to the Company's branch share registrar and transfer office 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, to exchange, at the expense of the Company, for new certificates of the Consolidated Shares in blue colour. Thereafter, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not accepted for trading, settlement and registration upon completion of the Share Consolidation.

LETTER FROM THE BOARD

The Outstanding Options

As at the Latest Practicable Date, 209,000,000 Outstanding Options granted under the Share Option Scheme are outstanding. Under the relevant terms and conditions thereof, the Share Consolidation may lead to adjustments to the exercise price and/or the number of shares of the Company falling to be issued upon exercise of the Outstanding Options pursuant to the terms thereof. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into shares of the Company as at the Latest Practicable Date.

Listing application

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares and the Consolidated Shares which may fall to be issued upon exercise of the Outstanding Options.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in on which listing or permission to deal in is being or is proposed to be sought on other stock exchanges.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the shares of the Company are traded in board lot size of 20,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Shares to 4,000 Consolidated Shares after and conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.039 per Share (equivalent to HK\$0.39 per Consolidated Share) as at the Latest Practicable Date, the value of each board lot of 4,000 Consolidated Shares, assuming the Share Consolidation had already become effective, would be HK\$1,560.

LETTER FROM THE BOARD

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Prime Securities Limited to stand in the market to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Consolidated Shares from Monday, 2 February 2015 to Tuesday, 24 February 2015 (both days inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or top up to a full board lot may, directly or through their brokers, contact Mr. Chiu Po Keung of Prime Securities Limited at Room 1601-2, 16/F., Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong (telephone: (852) 2545-0038) during office hours of this period.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The Shares have been traded on the Stock Exchange at below HK\$0.10 for some time. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. Furthermore, the Share Consolidation will reduce the administration cost of the Company. In view of the above, the Board considers that the Share Consolidation and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Consolidation and the Change in Board Lot Size will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

SGM

Set out from pages 10 to 11 of this circular is a notice convening the SGM to be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 16 January 2015 at 11:30 a.m..

LETTER FROM THE BOARD

The ordinary resolution proposed to be approved at the SGM will be taken by poll. As no Shareholder has a material interest in the Share Consolidation which is different from that of the other Shareholders, no Shareholder is required to abstain from voting at the SGM to approve the Share Consolidation.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M 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 the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

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 enquiries, 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 in this circular misleading.

RECOMMENDATION

The Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole and therefore recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

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

NOTICE OF SGM



中國管業集團有限公司 China Pipe Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 380)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of China Pipe Group Limited (the “**Company**”) will be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong, on Friday, 16 January 2015 at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Consolidated Shares (as defined below) to be in issue upon the Share Consolidation (as defined below) becoming effective, with effect from the first business day immediately following the date on which this resolution is passed:

- (a) every ten (10) issued and unissued shares of par value HK\$0.002 each in the share capital of the Company be consolidated (“**Share Consolidation**”) into one (1) share of par value HK\$0.02 (“**Consolidated Share(s)**”);
- (b) all of the Consolidated Shares shall rank *pari passu* in all respects with each other in the same class and have the rights and privileges and be subject to the restrictions contained in the bye-laws of the Company;
- (c) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefits of the Company in such manner and on such terms as the directors (“**Director(s)**”) of the Company may think fit; and
- (d) the Directors be and are hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under the seal of the Company (where applicable), on behalf of the Company, as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and give effect to any or all of the foregoing.”

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

Hong Kong, 31 December 2014

NOTICE OF SGM

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 17M, 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.
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. Completion and delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the meeting and in such event, the instrument appoint a proxy shall be deemed to be revoked.
5. A form of proxy for use at the meeting is attached herewith.
6. The form of proxy shall be signed in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.