

I. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

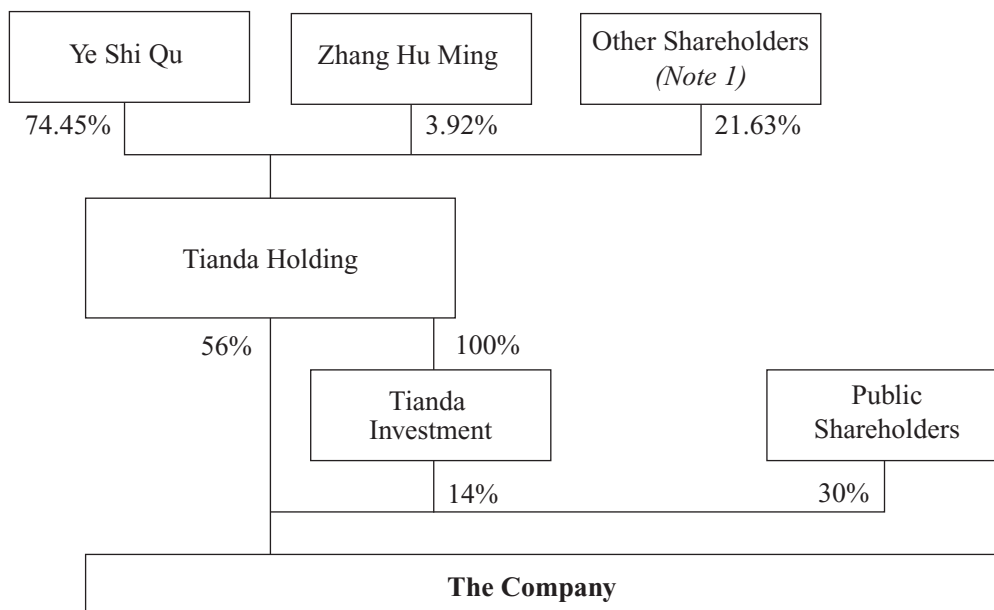
Tianda Special Steel Pipe Company, the predecessor of the Company, was registered in the PRC as a limited liability company on 23 June 2004 with Tianda Holding and Tianda Trade Union as shareholders. On 13 April 2006, the Company was established as a joint stock company with limited company and a business licence was issued to the Company whereupon.

The Company has established a place of business in Hong Kong at Room 2906, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong and on 23 September 2006, it has been registered as an oversea company in Hong Kong in compliance with Part XI of the Companies Ordinance. On 14 September 2006, Mr. Ho Kin-Cheong, Kelvin of Room 2709, Ka Yeung House, Ka Shing Court, Fanling, Hong Kong was appointed as the agent of the Company for the acceptance of service of process and notices, including writs and other legal documents, on behalf of the Company in Hong Kong as per the requirement under Part XI of the Companies Ordinance.

Since the Company was established in the PRC, it is required to comply with the laws and regulations of the PRC. A summary of the relevant laws and regulations of the PRC and a summary of Articles of Association are set out in Appendix V and Appendix VII, respectively, to this prospectus.

2. Shareholding and Company Structure

The shareholding structure of the Company (assuming that the Over-allotment Option is not exercised) upon listing on GEM is as follows:



Note 1: The other shareholders of Tianda Holding are:

Name of Tianda Holding shareholders	Amount of registered capital held (in RMB) and percentage of equity holding	Name of Tianda Holding shareholders	Amount of registered capital held (in RMB) and percentage of equity holding
1. 殷之付 Yin Zhi-fu	3,404,450 (1.4566%)	26. 張學仁 Zhang Xue-ren	210,000 (0.0898%)
2. 祁文輝 Qi Wen-hui	3,150,000 (1.3477%)	27. 楊登峰 Yang Deng-feng	207,200 (0.0887%)
3. 王本玲 Wang Ben-ling	3,150,000 (1.3477%)	28. 朱士華 Zhu Shi-hua	110,250 (0.0472%)
4. 江干 Jiang Gan	3,150,000 (1.3477%)	29. 李燕 Li Yan	175,000 (0.0749%)
5. 吳宗勤 Wu Zong-qin	3,150,000 (1.3477%)	30. 陳從高 Chen Cong-gao	140,000 (0.0599%)
6. 謝永洋 Xie Yong-yang	7,367,250 (3.1521%)	31. 陳西俊 Chen Xi-jun	140,000 (0.0599%)
7. 施思源 Shi Si-yuan	1,425,900 (0.6101%)	32. 陳巨勝 Chen Ju-sheng	122,500 (0.0524%)
8. 雍金貴 Yong Jin-gui	8,217,500 (3.5159%)	33. 呂思玉 Lv Si-yu	119,700 (0.0512%)
9. 劉俊昌 Liu Jun-chang	3,150,000 (1.3477%)	34. 睦群仔 Sui Qun-zai	36,750 (0.0157%)
10. 黃堯斌 Huang Yao-bin	3,150,000 (1.3477%)	35. 張春祥 Zhang Chun-xiang	186,400 (0.0798%)
11. 黃堯琪 Huang Yao-qi	2,348,400 (1.0048%)	36. 方傳俊 Fang Chuan-jun	175,000 (0.0749%)
12. 郭風祥 Guo Feng-xiang	464,100 (0.1986%)	37. 王本健 Wang Ben-jian	169,750 (0.0726%)
13. 周永軍 Zhou Yong-jun	994,700 (0.4256%)	38. 汪義 Wang Yi	157,500 (0.0674%)
14. 呂宏祥 Lu Hong-xiang	766,500 (0.3279%)	39. 王勇 Wang Yong	140,000 (0.0599%)
15. 王奎 Wang Kui	431,900 (0.1848%)	40. 沈保輝 Shen Bao-hui	119,700 (0.0512%)
16. 陳東 Chen Dong	399,700 (0.1710%)	41. 王維伍 Wang Wei-wu	102,200 (0.0437%)
17. 謝治連 Xie Zhi-lian	382,200 (0.1635%)	42. 薛長春 Xue Chang-chun	102,200 (0.0437%)
18. 周唐華 Zhou Tang-hua	367,500 (0.1572%)	43. 張成明 Zhang Cheng-ming	102,200 (0.0437%)
19. 徐公朝 Xu Gong-chao	350,000 (0.1497%)	44. 趙慶和 Zhao Qing-he	70,000 (0.0299%)
20. 申小平 Shen Xiao-ping	315,000 (0.1348%)	45. 李定勇 Li Ding-yong	49,000 (0.0210%)
21. 胡才華 Hu Cai-hua	312,200 (0.1336%)	46. 張建懷 Zhang Jian-huai	35,000 (0.0150%)
22. 薛建軍 Xue Jian-jun	183,750 (0.0786%)	47. 秦朗 Qin Lang	31,500 (0.0135%)
23. 方久林 Fang Jiu-lin	270,200 (0.1156%)		
24. 耿維龍 Geng Wei-long	473,200 (0.2025%)	Total:	50,546,000 (21.6262%)
25. 何雲龍 He Yun-long	469,700 (0.2010%)		

Apart from Xie Yong-yang, Zhang Jian-huai, Yong Jin-gui, Liu Jun-chang, Geng Wei-long, Lv Si-yu, Zhang Chun-xiang, Wang Yi, Huang Yao-qi and Chen Dong, none of the shareholders above is a director, supervisor or senior management at the Company.

3. Changes in the share capital and shareholding structure of the Company

On 7 September 2006, the CSRC issued the approval document Zheng Jian Guo He Zi [2006] No. 17 (證監國合字[2006]17號) approving, among other things, the subdivision of the Company's shares of RMB1.00 each into 340,000,000 shares of RMB0.50 each. The changes in the shareholding structure of the Company are as follows:

- (a) At the time of establishment of Tianda Special Steel Pipe Company on 23 June 2004, its registered capital was RMB40,000,000, all of which were credited as fully paid up and held as follows:

Name	Amount of equity contribution (RMB)	Approximate percentage of equity holding (%)
Tianda Holding	36,000,000	90
Tianda Trade Union	<u>4,000,000</u>	<u>10</u>
	<u>40,000,000</u>	<u>100</u>

- (b) On 31 January 2005, the registered capital of Tianda Special Steel Pipe Company was increased to RMB140,000,000, all of which were credited as fully paid up and held as follows:

Name	Amount of equity contribution (RMB)	Approximate percentage of equity holding (%)
Tianda Holding	136,000,000	97.1
Tianda Trade Union	<u>4,000,000</u>	<u>2.9</u>
	<u>140,000,000</u>	<u>100</u>

- (c) On 17 November 2005, the registered capital of Tianda Special Steel Pipe Company was further increased to RMB170,000,000, all of which were credited as fully paid up and held as follows:

Name	Amount of equity contribution (RMB)	Approximate percentage of equity holding (%)
Tianda Holding	136,000,000	80
Tianda Trade Union	4,000,000	2.3
Tianjin Dajin	<u>30,000,000</u>	<u>17.7</u>
	<u>170,000,000</u>	<u>100</u>

- (d) On 12 April 2006, Tianda Investment acquired the equity holding of Tianda Trade Union and Tianjin Dajin in the Company, and the shareholding structure of Tianda Special Steel Pipe Company was changed to as follows:

Name	Amount of equity contribution (RMB)	Approximate percentage of equity holding (%)
Tianda Holding	136,000,000	80
Tianda Investment	<u>34,000,000</u>	<u>20</u>
	<u>170,000,000</u>	<u>100</u>

- (e) In preparation for the listing, on 13 April 2006, the Company was established as a joint stock company with limited liability and the shareholding structure of the Company was as follows:

Name	Number of Domestic Shares of RMB1.00 each held	Approximate percentage of registered capital (%)
Tianda Holding	136,000,000	80%
Tianda Investment	<u>34,000,000</u>	<u>20%</u>
	<u>170,000,000</u>	<u>100%</u>

- (f) On 7 September 2006, CSRC approved the sub-division of Shares, and the Company's registered capital was RMB170,000,000 divided into 340,000,000 Domestic Shares of RMB0.50 each. Such Domestic Shares were paid up and held as follows:

Name	Number of Domestic Shares of RMB0.50 each held	Approximate percentage of registered capital (%)
Tianda Holding	272,000,000	80
Tianda Investment	<u>68,000,000</u>	<u>20</u>
	<u>340,000,000</u>	<u>100</u>

- (g) Immediately after the completion of the International Placing and assuming the Over-allotment Option is not exercised at all, the registered capital of the Company will be approximately RMB242,857,000 and will be held as follows:

Name of Shareholders	Nature of Shares held	Number of Shares of RMB0.50 each held	Approximate percentage of registered capital in the Company (%)
Tianda Holding	Domestic Shares	272,000,000	56
Tianda Investment	Domestic Shares	68,000,000	14
Public Shareholders	H Shares	<u>145,714,000</u>	<u>30</u>
		<u>485,714,000</u>	<u>100.00</u>

- (h) Immediately after the completion of the International Placing, and assuming the Over-allotment Option is exercised in full, the registered capital of the Company will be RMB253,785,000 and will be held as follows:

Name of Shareholders	Nature of Shares held	Number of Shares of RMB0.50 each held	Approximate percentage of registered capital in the Company (%)
Tianda Holding	Domestic Shares	272,000,000	53.6
Tianda Investment	Domestic Shares	68,000,000	13.4
Public Shareholders	H Shares	<u>167,570,000</u>	<u>33</u>
		<u><u>507,570,000</u></u>	<u><u>100.0</u></u>

- (h) Save as aforesaid, there has been no alteration in the registered capital of the Company since the date of its establishment. The Domestic Shares are not currently admitted for listing on any stock exchange and there is no trading or dealing in such securities on any other authorised trading facility in the PRC.

4. Resolutions of the shareholders passed at the Company's extraordinary general meeting on 29 June 2006

An extraordinary general meeting of the Company was held on 29 June 2006 at which the following resolutions of the shareholders, among other resolutions, were passed:

- (a) the articles of association were adopted (and, subsequent to amendments by the Board, took the form of the Articles of Association);
- (b) the International Placing of H Shares (including the additional H Shares which might be issued if the Over-allotment Option is exercised in full) and their listing on GEM were approved;
- (c) conditional upon (i) the Listing Committee of the Stock Exchange approving the listing of, and granting permission to deal in, the H Shares and (ii) the Placing Underwriting Agreement being entered into, the International Placing of up to 145,714,000 H Shares with a nominal value of RMB0.50 (assuming no exercise of the Over-allotment Option) was approved;
- (d) the Over-allotment Option was approved;

- (e) the increase of the Company's registered capital by an amount equivalent to the nominal value of the aggregate number of the H Shares to be issued under the International Placing was approved; and
- (f) the Directors were authorised to deal with all matters relating to the International Placing.

5. Corporate Reorganisation

The Company underwent a reorganisation in anticipation of the listing. The reorganisation involved, among other matters, the following procedures and approvals:

- (a) on 25 March 2006, an equity transfer agreement was entered into, pursuant to which Tianda Special Steel Pipe Company transferred its equity interest in the amount of RMB500,000 in Anhui Tianda Import and Export Company to Tianda Plastic Company for the consideration of RMB500,000;
- (b) on 12 April 2006, Tianda Trade Union and Tianjin Dajin transferred their respective equity holding in Tianda Special Steel Pipe Company to Tianda Investment;
- (c) on 12 April 2006, the promoters agreement for the establishment of the Company as a joint stock limited company was entered into between the Promoters;
- (d) on 13 April 2006, a business licence (no. 3423001300926) was issued by the Administration for Industry and Commerce of Chu Zhou Shi, whereupon the Company was established as a joint stock company with limited liability; and
- (e) an approval document Zheng Jian Guo He Zi [2006] No. 17 (證監國合字[2006]17號) was issued on 7 September 2006 by the CSRC approving, among other things, the issue of foreign listed shares and the listing of the Company on the GEM. The new H Shares are foreign listed shares (being ordinary shares).

II. SUBSIDIARY

As at the Latest Practicable Date, the Company had no subsidiary.

III. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, MANAGEMENT, STAFF AND SUBSTANTIAL SHAREHOLDER**1. Directors and supervisors***1. Particulars of service contracts and remuneration of Directors and Supervisors*

Each of the Directors and Supervisors has entered into a service contract with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:

- (i) each service contract is for an initial term of 3 years commencing from the Listing Date;
- (ii) the annual salary and/or allowance (as the case may be) for each of the Directors and Supervisors during his/her term of 3 years are as follows:

	Annual salary and/or allowance (RMB)
Executive Director	
Ye Shi Qu	180,000
Zhang Hu Ming	150,000
Xie Yong Yang	120,000
Non-executive Director	
Zhang Jian Huai	Nil
Liu Peng	Nil
Independent Non-executive Director	
Wu Chang Qi	50,000
Wang Xiu Zhi	50,000
Zhao Bin	50,000
Supervisor	
Liu Jun Chang	40,000
Yang Quan Fu	30,000
Yong Jin Gui	30,000

- (iii) the remuneration of each of the Directors and Supervisors may be changed by way of a resolution passed at shareholders' meeting of the Company; and
- (iv) each of the Directors and Supervisors is entitled to out-of-pocket expenses reasonably incurred during his/her term of office.

Pursuant to the service contracts entered into between the Company and the respective Directors and Supervisors, the aggregate annual remuneration payable to the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors are approximately RMB450,000, nil, RMB150,000 and RMB100,000, respectively, for an initial term of 3 years.

Prior to the reorganisation undergone in April 2006, the Company did not have a board of directors and supervisors. As such no remuneration was paid by the Company to any director or supervisor for the year ended 31 December 2005. It is estimated that the aggregate remuneration payable to the Directors (including the non-executive Directors and the independent non-executive Directors) and Supervisors for the year ending 31 December 2006 will be RMB450,000 and RMB100,000 respectively.

2. *Disclosure of the Directors' and Supervisors' interests or short positions in the share capital of the Company*

Immediately following the completion of the International Placing (and assuming the Over-allotment Shares are not issued), the interest or short positions of the Directors, Supervisors or chief executive of the Company in the shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange once the H Shares are listed, will be as follows:

Name of Company	Name of Director or Supervisor	Capacity	Nature of interest and number of Shares/amount of capital contribution (RMB)				Total number of shares/ Total amount of capital contribution	Percentage holding of shares/ interest in the registered capital of the relevant corporation	Approximate percentage of the total issued share capital of the Company immediately after completion of the International Placing
			Personal Interests	Family Interests	Corporate Interests	Other Interests			
Company	Ye Shi Qu	Interest in controlled corporation (Note 1)	-	-	340,000,000 Domestic Shares	-	340,000,000 Domestic Shares	70%	
Tianda Holding	Ye Shi Qu	Beneficial owner	RMB174,012,800	-	-	-	RMB174,012,800	74.5%	
Tianda Investment	Ye Shi Qu	Interest in controlled corporation (Note 2)	RMB50,000,000	-	-	-	RMB50,000,000	100%	
Tianda Holding	Zhang Hu Ming	Beneficial owner	RMB9,166,700	-	-	-	RMB9,166,700	3.9%	
Tianda Holding	Zhang Jian Huai	Beneficial owner	RMB35,000	-	-	-	RMB35,000	0.015%	
Tianda Holding	Yong Jin Gui	Beneficial owner	RMB8,217,500	-	-	-	RMB8,217,500	3.5%	
Tianda Holding	Liu Jun Chang	Beneficial owner	RMB3,150,000	-	-	-	RMB3,150,000	1.3%	
Tianda Holding	Xie Yong Yang	Beneficial owner	RMB7,367,250	-	-	-	RMB7,367,250	3.15%	

Notes:

1. Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in all of the 272,000,000 Domestic Shares held by Tianda Holding and 68,000,000 Domestic Shares held by Tianda Investment.
2. Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in 100% of the registered capital of Tianda Investment.

2. Shareholder

So far as the Directors or chief executive of the Company are aware, immediately following the completion of the International Placing and assuming that the Over-allotment Option is not exercised at all, the following persons will have an interest or short position in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of Domestic Shares of RMB0.50 each held (Note 1)	Approximate percentage of the shareholding (Note 2)
Tianda Holding	Beneficial owner	272,000,000 (L)	56%
	Interests in controlled corporation (Note 3)	68,000,000 (L)	14%
Tianda Investment Ye Shi Qu (Note 4)	Beneficial owner	68,000,000 (L)	14%
	Interests in controlled corporation	340,000,000 (L)	70%

Notes:

1. “L” refers to the long position in the shares in the Company held by such person/entity.
2. For the Company, approximately percentage of the shareholding shall mean the approximate percentage of shareholding immediately after the completion of the International Placing (assuming the Over-allotment Option is not exercised).
3. Pursuant to the SFO, as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Tianda Holding is deemed to be interested in the 68,000,000 Domestic Shares held by Tianda Investment.
4. Pursuant to the SFO, as Ye Shi Qu holds 74.5% of the equity interest in Tianda Holding, and as Tianda Investment is a wholly-owned subsidiary of Tianda Holding, Ye Shi Qu is deemed to be interested in all of the 272,000,000 Domestic Shares held by Tianda Holding and 68,000,000 Domestic Shares held by Tianda Investment.

3. Related party transactions

The Company had entered into certain related party transactions during the Track Record Period. Save for a trademark assignment dated 1 July 2004 entered into between the Company and Tianda Holding for nominal consideration and free lease of a dormitory, the details of the related party transactions are set out in note 24 of the paragraph headed “Related party transactions” in the accountants’ report in Appendix I to this prospectus. The Directors confirm that the related party transactions (including those which are historical and those which are expected to continue after the Listing Date) were conducted in the ordinary course of business, on normal commercial terms or better and on terms which were fair and reasonable to the Company.

4. Disclaimers

Save as disclosed herein:

- (i) none of the Directors, chief executive or Supervisors has any interest or short positions in the Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of

the SFO) which are under a duty of disclosure pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO) and will have to be notified to the Company and the Stock Exchange pursuant to section 352 of the SFO once the H Shares are listed on GEM, or to be entered into the register referred to therein or which will be required pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange once the H Shares are listed on GEM and in the case of Supervisors, which will be required to be notified as described above if they had been Directors;

- (ii) so far as is known to any of the Directors or Supervisors, there is no person who will, immediately following the completion of the International Placing, directly or indirectly have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company;
- (iii) none of the Directors or Supervisors has entered or has proposed to enter into any service contracts with the Company (other than contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation);
- (iv) none of the Directors or Supervisors or any of the experts whose names are listed in the paragraph headed “Consents of experts” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been acquired or disposed of by or leased to the Company within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to the Company;
- (v) none of the Directors or Supervisors or any of the experts whose names are listed in the paragraph headed “Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Company;
- (vi) none of the experts whose names are listed in the paragraph headed “Consents of experts” in this appendix has any shareholding in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for securities in the Company.

IV. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company within the two years preceding the date of this prospectus and are or may be material upon the listing of the Company's H Shares:


- (1) the equity transfer agreement dated 25 March 2006 between Tianda Special Steel Pipe Company and Tianda Plastic Company, pursuant to which Tianda Special Steel Pipe Company transferred its equity interest in the amount of RMB500,000 in Tianda Import and Export to Tianda Plastic Company for a consideration of RMB500,000;
- (2) a non-competition agreement dated 18 November 2006 and executed by the Initial Management Shareholders in favour of the Company, details of which are set out in the paragraph headed "Non-competition Agreement" in the section headed "Business" of this prospectus; and
- (3) a deed of indemnity dated 18 November 2006 and executed by the Initial Management Shareholders in favour of the Company in respect of taxation against the Company and other matters as referred to in the paragraph headed "Tax and other indemnities" in this Appendix.

2. Intellectual property rights

(1) *Trademark (and service trademark)*

(A) PRC

As at the Latest Practicable Date, the Company registered the following trademark:

Trademark Registration				
Mark	No.	Registered Owner	Effective Period	Class
	1974921	Anhui Tianda Oil Pipe Company Limited	21 December 2002 to 20 December 2012	6

(B) Hong Kong

As at the Latest Practicable Date, the Company had applied for the registration of the following trademark in Hong Kong:

Mark	Application No.	Applicant	Date of Application	Class
	300747072	Anhui Tianda Oil Pipe Company Limited	25 October 2006	6

(2) Domain Names

As at the Latest Practicable Date, the Company has registered the following domain names:

Domain Name	Registrant	Registration Date
www.td-gg.com	Anhui Tianda Oil Pipe Company Limited	29 May 2006

Note: The contents contained in the website at www.td-gg.com do not form part of this prospectus.

(3) Patents

As at the Latest Practicable Date, the Company has registered the following patents:

Patent	Certificate No	Registered Owner	Term
Specialized seamless pipes for use in heat exchange	ZL 03277615.2	Anhui Tianda Oil Pipe Company Limited	11 August 2003 to 10 August 2013

V. OTHER INFORMATION**1. Tax and other indemnities**

Under a deed of indemnity (“Deed of Indemnity”) entered into on 18 November 2006, the Initial Management Shareholders agreed and undertook jointly and severally with the Company, subject to the terms of the Deed of Indemnity, to indemnify the Company and at all times keep the same indemnified on demand from and against, among other things, all liabilities, taxation and any other claims referred to in the Deed of Indemnity in respect of any income, profit or gains earned, accrued or received and/or assets acquired on or before Listing Date (the “Effective Date”), including but not limited to:–

- (1) the amount of any and all taxation falling on the Company on or before the Effective Date;
- (2) any non-compliance with any laws and/or regulations by the Company on or before the Effective Date;
- (3) any liability of the Company to the extent that the Reorganisation (as defined in the Deed of Indemnity) is void or voidable as a result of the insolvency or lack of governmental approval or similar event of any one party to the Reorganisation;
- (4) any liability of the Company to make any payments as a result of certain contingent liabilities in respect of bank bills endorsed to the Company by Tianda Holding and its related companies;
- (5) any losses suffered by the Company as a result of Tianda Holding’s use of the trademark which attracts adverse publicity; and/or
- (6) any penalties or losses suffered by the Company as a result of historical provision of loans to Tianda Holding;
- (7) all actions, claims, losses, damages, costs (including all legal costs), charges, expenses, interests, penalties or other liabilities which the Company may reasonably and properly incur in connection therewith;

save in the following circumstances:

- (1) to the extent that provision, reserve or allowance has been made for such taxation or claim in the Accounts (as defined in the Deed of Indemnity);
- (2) to the extent that such taxation or claim arises or is incurred as a result of the imposition of any retrospective change in the law, rules and regulation or the interpretation or practice thereof coming into force after the date hereof;

- (3) to the extent of any provision or reserve made for taxation in the audited accounts of the Company for each of the two financial years ended 31 December 2005 and the six months ended 30 June 2006 which is finally established to be an over-provision or an excessive reserve;
- (4) falling on the Company after the Effective Date unless such taxation or liability would not have arisen but for any act or omission by any of the Company effected without the prior written consent or agreement of the Initial Management Shareholders otherwise than in the ordinary course of business after the date hereof;
- (5) for which the Company is primarily liable as a result of transactions entered into in the ordinary course of business after the Effective Date.

Each of the Initial Management Shareholders has also undertaken that he will not, and will procure his related parties will, not transact similar bank bill endorsement arrangements with the Company as referred to above with effect from 1 July 2006.

2. Litigation

As at the Latest Practicable Date, the Company had not engaged in any litigation or arbitration of material importance and the Directors confirmed no litigation, arbitration or claim of material importance was pending or threatened against the Company.

3. Sponsor, global coordinator, sole bookrunner and lead manager

Cazenove has made an application on behalf of the Company to the GEM Listing Committee for the listing of, and permission to deal in, any of the H Shares to be issued and/or sold under the International Placing and to be allotted and issued pursuant to the exercise of the rights of over allotment. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

Cazenove is the sponsor, global bookrunner and lead manager in relation to the International Placing.

4. Preliminary expenses

The preliminary expenses of the Company are approximately RMB3,000 (approximately HK\$2,970) and paid by the Company.

5. Promoters

The promoters of the Company are Tianda Holding and Tianda Investment. Tianda Holding has issued share capital of RMB233,725,500, the amount paid up being RMB233,725,500. The directors of Tianda Holding are Ye Shi Qu, Qi Wen Hui, Wang Ben Ling, Yin Zhi Fu, Jiang Gan, Wu Zong Qin, Shi Si Yuan and Yong Jin Gui. The banker and auditor of Tianda Holding is Bank of China, Tianchang Sub-branch and

Tianchang Tianhua Audit Firm, respectively. Tianda Investment has issued share capital of RMB50,000,000, the amount paid up being RMB50,000,000. The banker and auditor of Tianda Investment is Agricultural Bank of China, Tianchang Sub-branch, Tongcheng Office and Tianchang Tianhua Audit Firm, respectively. The director of Tianda Investment is Ye Shi Qu. Save as disclosed in note 24 of the accountants' report in Appendix I to this prospectus, within the two years preceding the date of this prospectus, no cash amount or security or other benefit has been paid, allotted or given or proposed to be paid, allotted or given to the Promoters in connection with the International Placing or the related transactions described in this prospectus.

6. Binding effect

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

7. No material adverse change and interruption of business

To the best of knowledge of the Directors, there has been no adverse change in the financial position, state of affairs or future prospects of the Company since 30 June 2006 (being the date of the most recently published audited financial statements of the Company).

There has not been any interruption in the business of the Company which has had or may have a material adverse effect on the financial position of the Company in the 24 months preceding the date of this prospectus.

8. Taxation of holders of the H Shares

Dealings in the H Shares are subject to Hong Kong stamp duty.

9. Qualifications of the experts

Name	Qualification
Cazenove Asia Limited	Licensed corporation to carry out Type 1, 4, 6 and 9 regulated activities under the SFO
Commerce & Finance Law offices	Qualified PRC lawyers
Ernst & Young	Certified public accountants
DTZ Debenham Tie Leung Limited	Chartered surveyors and valuers

10. Consents of experts

Each of Cazenove, Commerce & Finance Law Offices, Ernst & Young and DTZ Debenham Tie Leung Limited has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or advice and/or valuation certificate and/or the references to its name in the form and context in which they are respectively included or appeared.

11. Share Option Scheme

The Company has not adopted any share option scheme in respect of the H Shares.

12. Miscellaneous

Save as disclosed in this prospectus:

- (1) within the two years preceding the date of this prospectus, no share or loan capital of the Company has been issued or agreed to be issued, as fully or partly paid, either for cash or for a consideration other than cash;
- (2) no share or loan capital of the Company is under any option or is agreed conditionally or unconditionally to be put under option;
- (3) within the two years preceding the date of this prospectus, no discounts, brokerages or other special terms (if any) have been granted in connection with the issue or sale of any share or loan capital of the Company;
- (4) the Company has no founders or management or deferred shares;
- (5) none of the equity and debt securities of the Company is listed or dealt in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (6) the Company does not have any outstanding convertible debt securities;
- (7) within the two years preceding the date of this prospectus, no commissions have been paid or payable for subscription or agreeing to subscribe, procure subscription or agreeing to procure subscription of any share in the Company;
- (8) Cazenove satisfies the independence test pursuant to rule 6A.07 of the GEM Listing Rules; and
- (9) the Company has a present intention to apply for the status of a sino-foreign investment joint stock limited company, but any final decision will be made after taking into account the relevant PRC laws and regulations at the relevant time.