

HISTORY, REORGANISATION AND GROUP STRUCTURE

OVERVIEW

Our Group engages in two business segments, the Prestressed Materials Business through our operating subsidiaries Ossen Innovation Materials and Ossen (Jiujiang) under the brand of “Ossen” and the Cable Business through our operating subsidiaries Shanghai Pujiang, Zhejiang Pujiang and Shanghai Pujiang Cable Installation Engineering under the brand of “Pujiang Cable”.

Our Prestressed Materials Business involves the manufacture and supply of prestressed materials for infrastructure construction. We have over 14 years of experience in the Prestressed Materials Business.

Our Cable Business involves the manufacture and supply of cables principally for construction of bridges but also for use in constructing various architectural structures such as stadiums and exhibition centres. We have over 8 years of experience in the Cable Business under the management team led by Dr. Tang.

Prestressed Materials Business

The history of our Prestressed Materials Business can be traced back to 2004 when Ossen Innovation Materials was incorporated in the PRC as a sino-foreign joint venture limited liability company held as to 75% by Shanghai Ossen Investment (a company ultimately controlled by Dr. Tang) and as to 25% by Ossen Group (Asia) (a company then ultimately controlled by Dr. Tang). Dr. Tang had previous experience in the steel industry, including as a deputy director in Baosteel Group Shanghai Ergang Co., Ltd, and as a deputy head of the Enterprise Administrative Division of the Shanghai Municipal Metallurgical Industry Bureau. Building on that experience, he commenced his own business in this industry with the establishment of Ossen Innovation Materials. Ossen Innovation Materials operates our production facility in Maanshan.

Subsequently we established Ossen (Jiujiang) in 2005. It was then a sino-foreign equity joint venture held as to approximately 66.7% and 33.3% by Ossen Group PRC (a company ultimately controlled by Dr. Tang) and Ossen Group (Asia) (a company then ultimately controlled by Dr. Tang), respectively. Ossen (Jiujiang) operates our Jiujiang production facility.

Our Prestressed Materials Business then underwent a reorganisation with Ossen Innovation (a company ultimately controlled by Dr. Tang) becoming the intermediate holding company of Ossen Innovation Materials and Ossen (Jiujiang). On 21 December 2010, Ossen Innovation issued and listed ADSs on NASDAQ in the United States (stock code: OSN).

For more details on the corporate history of Ossen Innovation Materials and Ossen (Jiujiang), please refer to the section headed “History, Reorganisation and Group Structure — Our Major Operating Subsidiaries”.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Cable Business

The history of our Cable Business can be traced back to 1989 when the predecessor of Shanghai Pujiang, a state and collective jointly-owned enterprise (全民與集體聯營企業) named Shanghai Pujiang Cable Factory* (上海浦江纜索廠) was established in the PRC. Shanghai Pujiang Cable Factory* (上海浦江纜索廠), was converted into a PRC limited liability company and renamed as Shanghai Pujiang Cable Company Limited* (上海浦江纜索有限公司) in 1994.

Shanghai Pujiang Cable Company Limited* (上海浦江纜索有限公司) was further converted into a joint stock company with limited liability in 2001, and was re-named as Shanghai Pujiang Cable Co., Ltd.* (上海浦江纜索股份有限公司) (“**Shanghai Pujiang**”). At that time, Shanghai Pujiang had nine promoters, five of whom were Independent Third Parties and four of whom are management members of our Group, namely Mr. Luo Guoqiang (羅國強), Mr. Xu Haoming (徐浩明), and Mr. Li Gang (李剛), who are senior management of our Group; and Mr. Yan Haiqing (嚴海青), who is a director of Shanghai Pujiang and Zhejiang Pujiang. For further details on Mr. Luo Guoqiang (羅國強), Mr. Xu Haoming (徐浩明), and Mr. Li Gang (李剛), please refer to the section headed “Directors, Senior Management and Employees” in this [REDACTED].

Following several shareholding consolidations and immediately before Dr. Tang acquired control, the above management members of our Group ceased to have any interest in Shanghai Pujiang, and Shanghai Pujiang was then wholly owned by two shareholders who were Independent Third Parties. Dr Tang, through Ossen Group PRC (a company ultimately controlled by Dr. Tang), acquired Shanghai Pujiang in 2010. Following on from the success of our Prestressed Materials Business which Dr. Tang had established in 2004 and subsequently successfully listed on the NASDAQ Capital Market, Dr. Tang decided to further expand his business in the construction materials industry. In particular, Dr. Tang considered that there were positive development prospects in the bridge construction industry at the time. Accordingly, he decided to acquire Shanghai Pujiang, which was by then an established company in that industry with a long trading record.

In 2006 Zhejiang Pujiang was established in the PRC as a wholly owned subsidiary of Shanghai Pujiang. Zhejiang Pujiang operates our production facility in Xitang.

For more details on the corporate history of Shanghai Pujiang and Zhejiang Pujiang, please refer to the section headed “History, Reorganisation and Group Structure — Our Major Operating Subsidiaries”.

HISTORY, REORGANISATION AND GROUP STRUCTURE

MILESTONES

Set forth below are the key corporate milestones of our Group since its establishment:

Year Key Corporate Milestones

Cable Business

Prestressed Materials Business

1989 Shanghai Pujiang Cable Factory* (上海浦江纜索廠), the predecessor company of Shanghai Pujiang, was established

1991 Nanpu Bridge* (南浦大橋), China's first super-long-span cable-stayed bridge, for which we supplied stay cables, was completed. The Nanpu Bridge project was awarded the First Class Prize of The State Scientific and Technological Progress* (國家級科學技術進步獎一等獎) by The State Scientific and Technological Commission* (國家科學技術委員會) in 1995.

1999 The Jiangyin Yangtze River Bridge* (江陰長江大橋) the first suspension bridge with main span of 1,385 metres in China, for which we supplied suspension cables, was completed. This project was awarded with the International Eugene-Figo International Award by International Bridge Conference in the field of suspension bridges in 2002 which was the first time a China project won such award.

2001 The Nanjing No.2 Yangtze River Bridge* (南京長江第二大橋), for which we supplied suspension cables, was completed. The project was awarded the 3rd Zhan Tianyou Civil Construction Award* (第3屆中國土木工程詹天佑大獎)

2004 Ossen Innovation Materials, the operating subsidiary engaged in the Prestressed Materials Business was incorporated in the PRC and our Maanshan facility commenced production.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Year Key Corporate Milestones

Cable Business

Prestressed Materials Business

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| 2005 | The Nanjing No.3 Yangtze River Bridge* (南京長江第三大橋), for which we supplied suspension cables, was completed. The project was awarded the 7th Zhan Tianyou Civil Construction Award* (第7屆中國土木工程詹天佑大獎). | Our Jiujiang facility commenced production. |
| 2007 | | We were awarded the 3rd Chinese Excellent Corporate Citizenship (第三屆中國優秀企業公民) by Corporate Citizenship Committee of China Social Work Association* (中國社會工作協會企業公民委員會). |
| 2009 | The Xihoumen Bridge* (西堠門大橋), a suspension bridge with the longest main span in China among all completed suspension bridges at the time, for which we supplied stay cables, was completed. In 2015, the project was awarded the China Highway and Transportation's First Class Prize for Science and Technology* (中國公路學會科學技術獎一等獎). | We were awarded the Foreign Invested Technologically Advanced Enterprise* (外商投資先進技術企業) by The Bureau of Commerce of Anhui Province (安徽省商務局). |
| | Our Xitang facility commenced production. | |
| 2010 | Dr. Tang acquired a controlling interest in Shanghai Pujiang. | Ossen Innovation issued and listed ADSs on NASDAQ Global Market in the United States of America. |
| 2013 | The world's largest self-anchored suspension bridge at the time, the United States Oakland Bay Bridge* (美國奧克蘭海灣橋), for which we supplied PPWS that makes up its main suspension cables, was completed. | We were awarded the Second Class Prize of The Scientific and Technological Progress of Jiangxi Province* (江西省科技進步二等獎) by People's Government of Jiangxi Province (江西省人民政府). |

HISTORY, REORGANISATION AND GROUP STRUCTURE

Year Key Corporate Milestones

Cable Business

Prestressed Materials Business

2015 We were awarded the Shanghai Famous Brand Certificate* (上海名牌證書) by Shanghai Brand Recommendation Committee* (上海市名牌推薦委員會) and the Shanghai Famous Trademark Certificate* (上海市著名商標證書) by The Shanghai Administration for Industrial and Commerce (上海市工商行政管理局).

We were awarded the Certificate of Key New Product in the Jianxi Province* (江西省重點新產品證書) by Jiangxi Province Science and Technology Department of Jiangxi Province* (江西省科學技術廳).

Nizhou Section* (泥洲段) of the Humen No.2 Bridge* (虎門二橋) of which we were awarded the tender for the supply of suspension cables for its construction, was the longest main-span suspension bridge in China at the time.

2017

We were awarded the Technology Invention Award of Jiangxi Province* (江西省技術發明獎) by People's Government of Jiangxi Province (江西省人民政府).

2018 We were awarded the tender for the supply of suspension cables for the 1915 Canakkale Bridge in Turkey, which is the world's longest main span suspension bridge planned as of the date of this [REDACTED]. The bridge has a main span of 2,023 metres.

OUR MAJOR OPERATING SUBSIDIARIES

Below set forth the major changes in shareholding of our major operating subsidiaries which made a material contribution to our Group during the Track Record Period.

Shanghai Pujiang

Shanghai Pujiang is one of our major operating subsidiaries in the Cable Business and engages in the sale and supply of cables for construction of bridges and cables for use in constructing various architectural structures.

Shanghai Pujiang Cable Company Limited* (上海浦江纜索有限公司) was established in the PRC as a limited liability company on 16 August 1994 upon the reorganisation of its predecessor Shanghai Pujiang Cable Factory* (上海浦江纜索廠), which was established in the PRC and commenced business on 7 December 1989. On 8 June 2001, Shanghai Pujiang Cable Company Limited (上海浦江纜索有限公司) was converted into a joint stock company with limited liability, and was re-named as Shanghai Pujiang Cable Co., Ltd.* (上海浦江纜索股份有限公司) (i.e. Shanghai Pujiang).

HISTORY, REORGANISATION AND GROUP STRUCTURE

The initial registered capital of Shanghai Pujiang Cable Company Limited* (上海浦江纜索有限公司) when it was incorporated was RMB10.2 million. After several rounds of capital injections, the registered share capital of Shanghai Pujiang as at the Latest Practicable Date was RMB90 million.

At the time of its conversion into a joint stock company in 2001, the share capital of Shanghai Pujiang was registered in the name of five Independent Third Parties as to approximately 95.05% and in the name of the management members of our Group, namely Mr. Luo Guoqiang (羅國強), Mr. Xu Haoming (徐浩明), Mr. Li Gang (李剛) and Mr. Yan Haiqing (嚴海青) as to approximately 1.44%, 1.27%, 1.27% and 0.97% respectively. The shares registered in the names of the management members were held for themselves and on behalf of certain employees. Following several shareholding consolidations and immediately before Dr. Tang acquired control, the above management members and employees of our Group ceased to have any interest in Shanghai Pujiang, and Shanghai Pujiang was then owned by two shareholders who were Independent Third Parties as to 70% and 30%.

Acquisition of control by Dr. Tang

Dr. Tang acquired control of Shanghai Pujiang in 2010 as he considered there were positive development prospects for the bridge construction industry. In 2010, Ossen Group PRC (a company ultimately controlled by Dr. Tang) entered into equity transfer agreements with the then shareholders of Shanghai Pujiang pursuant to which Ossen Group PRC acquired the entire issued share capital of Shanghai Pujiang, for an aggregate consideration of RMB154 million and RMB66 million, respectively. The acquisitions from each of the sellers occurred in two stages in September 2010 and December 2010. The consideration for the transfers were determined based on arm’s length negotiations between the parties and were fully settled by 31 December 2010.

Ossen Group PRC is a limited liability company incorporated in the PRC on 1 April 2004 and is owned by Shanghai Ossen Investment, Innovation Material Research Institute, previously known as Shanghai Ossen Material Research Institute Limited Company* (上海奧盛材料研究所有限公司), and Dr. Tang as to 40%, 30% and 30%, respectively. Ossen Group PRC, Shanghai Ossen Investment and Innovation Material Research Institute are all ultimately controlled by Dr. Tang. For more details on Ossen Group PRC, Shanghai Ossen Investment and Innovation Material Research Institute, please refer to the section headed “Relationship with Controlling Shareholders” in this [REDACTED].

Following the first acquisition by Ossen Group PRC, Ossen Group PRC transferred a 0.5% shareholding to Dr. Tang, in order to maintain the minimum requirement of having two shareholders for a joint stock company. The consideration for the transfer was RMB1.15 million, which was fully settled on 29 December 2011.

After completion of the above share transfers, the shares of Shanghai Pujiang were owned as to approximately 99.5% by Ossen Group PRC and 0.5% by Dr. Tang.

Participation by other investors

Following the acquisition of control by Dr. Tang, Shanghai Pujiang had initially proposed a listing on the Shanghai Stock Exchange. In contemplation of that proposed listing on the Shanghai Stock Exchange, various investors had acquired interests in Shanghai Pujiang.

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On 1 December 2011, Ms. Zhang Mei (張梅), an Independent Third Party, and Ossen Group PRC entered into an equity transfer agreement, pursuant to which Ms. Zhang Mei (張梅) acquired a 10% shareholding in Shanghai Pujiang from Ossen Group PRC for a consideration of RMB38 million, which was determined based on arm’s length negotiation between the parties and was fully settled on 23 December 2011.

On 1 March 2012, Kunshan Zhongke, Ossen Group PRC and Shanghai Pujiang entered into an equity transfer agreement, pursuant to which Kunshan Zhongke acquired a 10% shareholding in Shanghai Pujiang from Ossen Group PRC for a consideration of RMB38 million, which was determined based on arm’s length negotiation between the parties and was fully settled on 8 March 2012.

Kunshan Zhongke was a limited liability company established in the PRC and mainly engaged in the provision of investment, management and advisory services related to venture capital business. It was owned by Independent Third Parties.

On 1 July 2013, Mr. Wang, Ossen Group PRC and Shanghai Pujiang entered into an equity transfer agreement, pursuant to which Mr. Wang acquired a 10% shareholding in Shanghai Pujiang from Ossen Group PRC for a consideration of RMB42 million, which was determined based on arm’s length negotiation between the parties and was fully settled on 26 August 2013.

On 10 July 2013, Mr. Lu, Ms. Zhang Mei (張梅) and Shanghai Pujiang entered into an equity transfer agreement, pursuant to which Mr. Lu acquired the 10% equity interest in Shanghai Pujiang held by Ms. Zhang Mei (張梅) for a consideration of RMB42 million. To the best knowledge of the Directors, the consideration was fully settled.

Each of Mr. Lu and Mr. Wang were individual investors and Independent Third Parties prior to their investment in our Group. They were acquaintances of Dr. Tang whom he had previously met through business interactions.

Immediately after the above instances of share transfers and prior to the Reorganisation, the shares in Shanghai Pujiang were owned by Ossen Group PRC, Kunshan Zhongke, Mr. Wang, Mr. Lu and Dr. Tang as to 69.5%, 10%, 10%, 10% and 0.5%, respectively.

Zhejiang Pujiang

Zhejiang Pujiang is one of our major operating subsidiaries in the Cable Business and engages in the manufacture and supply of bridge cables and various construction materials. Zhejiang Pujiang operates our Xitang production facility.

Zhejiang Pujiang was established in the PRC as a limited liability company on 13 April 2006 and commenced business on 13 April 2006. Zhejiang Pujiang is and has been since establishment a wholly owned subsidiary of Shanghai Pujiang.

The initial registered capital of Zhejiang Pujiang when it was incorporated was RMB25 million. After several rounds of capital injections, the registered capital of Shanghai Pujiang as at the Latest Practicable Date was RMB125 million.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Ossen Innovation Materials

Ossen Innovation Materials is one of our major operating subsidiaries in the Prestressed Materials Business and engages in the manufacture and supply of prestressed materials for infrastructure construction. Ossen Innovation Materials operates our production facility in Maanshan.

Ossen Innovation Materials, previously known as Ossen (MaanShan) Steel Wire & Cable Co., Ltd.* (奧盛(馬鞍山)鋼綫鋼纜有限公司), was incorporated in the PRC as a sino-foreign joint venture limited liability company held as to 75% by Shanghai Ossen Investment (a company ultimately controlled by Dr. Tang) and as to 25% by Ossen Group (Asia) (a company then ultimately controlled by Dr. Tang), and commenced business on 27 October 2004. It was converted into a joint stock company with limited liability, and was renamed as Ossen Innovation Materials Co. Ltd* (奧盛新材料股份有限公司) on 8 May 2008.

The initial registered capital of Ossen Innovation Materials when it was incorporated was RMB10 million. After several rounds of capital injections, the registered share capital of Ossen Innovation Material as at the Latest Practicable Date was RMB75 million.

At the time of its conversion into a joint stock company, the share capital of Ossen Innovation Materials was owned by as to approximately 81% by Ossen Group (Asia) and as to approximately 19% by four shareholders who are Independent Third Parties. In 2012, one of these shareholders decided to realise its investment in Ossen Innovation Materials. As such the exiting shareholder transferred its 3% equity interest to Ossen Group PRC pursuant to an equity transfer agreement dated 9 April 2012 at a consideration of RMB6.6 million. The consideration was determined based on arm’s length negotiation between the parties and was fully settled in May 2012.

Immediately before and after the Reorganisation and as at the Latest Practicable Date, Ossen Innovation Materials was owned as to approximately 81% by Ossen Group (Asia), as to approximately 16% by three shareholders who are Independent Third Parties and as to approximately 3% by Ossen Group PRC (a company ultimately controlled by Dr. Tang).

Ossen (Jiujiang)

Ossen (Jiujiang) is one of our major operating subsidiaries in the Prestressed Materials Business and engages in the manufacture and supply of prestressed materials for infrastructure construction. Ossen (Jiujiang) operates our production facility in Jiujiang.

Ossen (Jiujiang), previously known as Ossen (Jiujiang) Steel Wire & Cable Co., Ltd.* (奧盛鋼綫鋼纜有限公司), was incorporated in the PRC as a sino-foreign equity joint venture held as to approximately 66.7% and 33.3% by Ossen Group PRC (a company ultimately controlled by Dr. Tang) and Ossen Group (Asia) (a company then ultimately controlled by Dr. Tang), respectively. It commenced business on 12 April 2005.

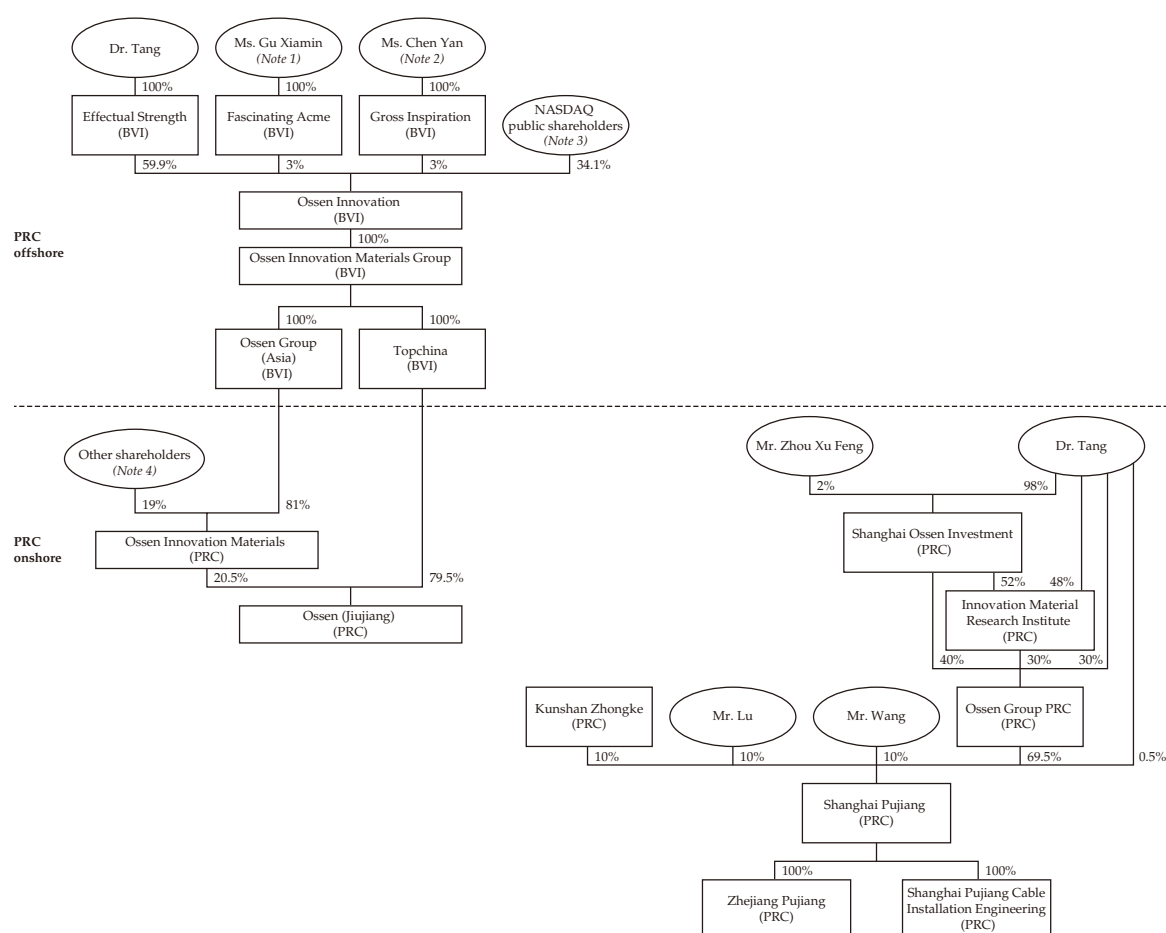
HISTORY, REORGANISATION AND GROUP STRUCTURE

The initial registered capital of Ossen (Jiujiang) when it was incorporated was RMB30 million. After several rounds of capital injections, the registered capital of Ossen (Jiujiang) as at the Latest Practicable Date was RMB183,271,073.50. Following various transfers between companies ultimately controlled by Dr. Tang, immediately before and after the Reorganisation and as at the Latest Practicable Date, the registered capital of Ossen (Jiujiang) was owned by Topchina and Ossen Innovation Materials as to approximately 79.54% and 20.46% respectively.

REORGANISATION

In contemplation of the [REDACTED], we underwent a reorganisation to implement a structure whereby our Company became the holding company of our Group.

Set forth below is the corporate and shareholding structure of our Group immediately before the Reorganisation:



Notes:

- (1) Ms. Gu Xiamin is the spouse of Mr. Hua Wei, a director of Ossen Innovation Materials and Ossen (Jiujiang).
- (2) Ms. Chen Yan is the spouse of Mr. Zhou Xufeng, a Director.
- (3) NASDAQ public shareholders are the holders of ADSs listed on NASDAQ.
- (4) The remaining 19% equity interest in Ossen Innovation Materials was held by Anhui High-Technology as to 9%, Maanshan Huishen as to 5%, Ossen Group PRC as to 3% and Maanshan Cihu as to 2% as at the Latest Practicable Date. Except for Ossen Group PRC, which is ultimately controlled by Dr. Tang, these shareholders are Independent Third Parties.

HISTORY, REORGANISATION AND GROUP STRUCTURE

1. Incorporation of our Company

On 26 April 2017, our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each, of which 1 Share was allotted and issued to our Company’s initial subscriber at par which was subsequently transferred to Elegant Kindness on the same day.

2. Transfer of 1% shareholding in Shanghai Pujiang from Mr. Wang to Mr. Man

On 17 June 2017, Mr. Wang entered into an equity transfer agreement with Mr. Man pursuant to which Mr. Wang transferred his 1% shareholding in Shanghai Pujiang to Mr. Man. The consideration was RMB3.0 million and was determined with reference to the valuation report of Shanghai Pujiang from an independent appraisal firm as at 31 December 2016. To the best of the Directors’ knowledge, the consideration has been settled.

To the best of the Directors’ knowledge, Mr. Man was a prior business acquaintance of Mr. Wang. Mr. Man was an individual investor and an Independent Third Party prior to his investment in our Group.

Upon completion of the transfer, the shares in Shanghai Pujiang were owned by Ossen Group PRC, Kunshan Zhongke, Mr. Lu, Mr. Wang, Mr. Man and Dr. Tang as to approximately 69.5%, 10%, 10%, 9%, 1% and 0.5% respectively and Shanghai Pujiang became a sino-foreign joint venture.

3. Establishment of holding companies

On 28 May 2018, Acme Innovation and Top Innovation were incorporated in the BVI. The entire issued share capital of both companies are owned by our Company. Acme Innovation and Top Innovation are investment holding companies with no business operations.

On 14 June 2018, Top Innovation acquired the entire issued share capital of Ossen Group HK from Dr. Tang for a consideration of HK\$1.00. Ossen Group HK is a company incorporated in Hong Kong and is an investment holding company with no business operations.

On 5 June 2018, Shanghai Xiong Ao Enterprise Management Co., Ltd* (上海雄傲企業管理有限公司) (“**Shanghai Xiong Ao**”) was incorporated in the PRC as a limited liability company with a registered capital of RMB1 million. The entire equity interest in Shanghai Xiong Ao was owned by Ossen Group HK.

4. Subscriptions by Dr. Tang of 1% equity interest in Shanghai Xiong Ao

On 23 July 2018 and on 19 September 2018, for the purpose of providing further funding to our Group to complete the Reorganisation in step 5, Dr. Tang subscribed an aggregate of 1% equity interest in Shanghai Xiong Ao at an aggregate subscription price of RMB124,350,000.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Upon completion of the above steps, the equity interest in Shanghai Xiong Ao was owned as to 99% by Ossen Group HK and 1% by Dr. Tang.

5. Subscription of Shares in our Company by investors in Shanghai Pujiang and transfer of shares in Shanghai Pujiang to our Group

We had been in negotiations with the Shanghai Pujiang investors to acquire their minority interests in Shanghai Pujiang as part of the Reorganisation, while also offering them the opportunity to continue their investment in our Group through an investment in our Company.

One of Shanghai Pujiang's shareholder, Kunshan Zhongke, had decided to realise its investment in Shanghai Pujiang due to a change in its business strategy. Accordingly, Kunshan Zhongke transferred its shares in Shanghai Pujiang to Shanghai Xiong Ao and Mr. Lu with the consideration arrived at after the arm's length negotiation between the parties taking into account a reasonable rate of return for Kunshan Zhongke on its initial investment.

All of the other shareholders of Shanghai Pujiang, Mr. Wang, Mr. Lu and Mr. Man, had decided to continue their investment in our Group. These shareholders had transferred their shares to Shanghai Xiong Ao and Ossen Group HK with the consideration equivalent to the amount of the registered capital of Shanghai Pujiang owned by the relevant Shareholders, and the Shares in our Company were issued to these Shareholders, with reference to the proportion of their original shareholdings in Shanghai Pujiang.

None of the investors in Shanghai Pujiang have entered into any shareholders agreement with each other in relation to their interest in Shanghai Pujiang or our Company and they have no special rights in relation to their shareholding other than pursuant to general law.

(a) Subscription of shares in our Company by Elegant Kindness and Xinland Investment, and transfer of shares in Shanghai Pujiang from Ossen Group PRC and Mr. Wang to Shanghai Xiong Ao

On 28 June 2018, our Company issued and allotted 79,695 Shares to Elegant Kindness at a subscription price of HK\$0.01 per Share, which subscription price has been paid in full.

On 29 June 2018, Shanghai Xiong Ao entered into equity transfer agreements with each of Ossen Group PRC and Mr. Wang, pursuant to which Ossen Group PRC and Mr. Wang respectively transferred 62,550,000 shares and 4,500,000 shares in Shanghai Pujiang (equivalent to 69.5% and 5% of the issued share capital in Shanghai Pujiang respectively) to Shanghai Xiong Ao at a consideration of RMB62,550,000 and RMB4,500,000 respectively. The consideration for the abovementioned transfers has been settled in full by 4 July 2018.

On 4 July 2018, our Company issued and allotted 5,804 Shares to Xinland Investment, at a subscription price of HK\$0.01 per Share, which subscription price has been paid in full. Xinland Investment is a company incorporated in the BVI and wholly owned by Mr. Wang.

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Upon completion of the above steps, our Company was owned as to approximately 93.21% by Elegant Kindness and 6.79% Xinland Investment, and the shares in Shanghai Pujiang were owned by Shanghai Xiong Ao, Kunshan Zhongke, Mr. Lu, Mr. Wang, Mr. Man and Dr. Tang as to approximately 74.5%, 10%, 10%, 4%, 1% and 0.5% respectively.

- (b) *Transfer of 10% shareholding in Shanghai Pujiang from Mr. Lu to Shanghai Xiong Ao and subscription of Shares by Brilliance Benefit*

On 3 September 2018, Shanghai Xiong Ao entered into an equity transfer agreement with Mr. Lu, pursuant to which Mr. Lu transferred 9,000,000 shares in Shanghai Pujiang (equivalent to 10% of the issued share capital in Shanghai Pujiang) to Shanghai Xiong Ao at a consideration of RMB9,000,000 which was fully settled on 29 September 2018.

On the same date, our Company issued and allotted 11,608 Shares to Brilliance Benefit at a subscription price of HK\$0.01 per Share, which subscription price has been paid in full. Brilliance Benefit is a company incorporated in the BVI and wholly owned by Mr. Lu.

Upon completion of the above step, our Company was owned as to approximately 82.07% by Elegant Kindness, 5.98% by Xinland Investment and 11.95% by Brilliance Benefit, and the equity interest in Shanghai Pujiang was owned by Shanghai Xiong Ao, Kunshan Zhongke, Mr. Wang, Mr. Man and Dr. Tang as to approximately 84.5%, 10%, 4%, 1% and 0.5% respectively.

- (c) *Transfer of 4% shareholding in Shanghai Pujiang from Mr. Wang to Shanghai Xiong Ao and subscription of Shares by Xinland Investment*

On 3 September 2018, Shanghai Xiong Ao entered into an equity transfer agreement with Mr. Wang, pursuant to which Mr. Wang transferred 3,600,000 shares of Shanghai Pujiang (equivalent to 4% of the issued share capital in Shanghai Pujiang) to Shanghai Xiong Ao at a consideration of RMB3,600,000 which was fully settled on 7 September 2018.

On the same date, our Company issued and allotted 4,643 Shares to Xinland Investment at the subscription price of HK\$0.01 per Share, which subscription price has been paid in full.

Upon completion of the above step, our Company was owned as to approximately 78.32% by Elegant Kindness, 10.27% by Xinland Investment and 11.41% by Brilliance Benefit, and the equity interest in Shanghai Pujiang was owned by Shanghai Xiong Ao, Kunshan Zhongke, Mr. Man and Dr. Tang as to approximately 88.5%, 10%, 1% and 0.5% respectively.

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- (d) *Transfer of 1% shareholding in Shanghai Pujiang from Mr. Man to Ossen Group HK and subscription of Shares by Five Standers*

On 3 September 2018, Ossen Group HK entered into an equity transfer agreement with Mr. Man, pursuant to which Mr. Man transferred 900,000 shares of Shanghai Pujiang (equivalent to 1% of the issued share capital in Shanghai Pujiang), to Ossen Group HK at a consideration of RMB900,000 or a foreign currency equivalent to the amount of RMB900,000, which was fully paid on 10 September 2018.

On the same date, our Company issued and allotted 1,161 Shares to Five Standers at the subscription price of HK\$0.01 per Share, which subscription price has been paid in full. Five Standers is a company incorporated in the BVI and wholly owned by Mr. Man.

Upon completion of the above step, our Company was owned as to approximately 77.44% by Elegant Kindness, 10.15% by Xinland Investment, 11.28% by Brilliance Benefit, and 1.13% by Five Standers and the equity interest in Shanghai Pujiang was owned by Shanghai Xiong Ao, Kunshan Zhongke, Ossen Group HK and Dr. Tang as to approximately 88.5%, 10%, 1% and 0.5% respectively.

- (e) *Transfer of 10% shareholding in Shanghai Pujiang from Kunshan Zhongke to Shanghai Xiong Ao and Mr. Lu, and subscription of Shares by Elegant Kindness*

On 17 September 2018, Shanghai Xiong Ao entered into an equity transfer agreement with Kunshan Zhongke, pursuant to which Kunshan Zhongke transferred 7,200,000 shares of Shanghai Pujiang (equivalent to 8% of the issued share capital in Shanghai Pujiang) to Shanghai Xiong Ao at a consideration of RMB42,000,000 which was fully settled on 20 September 2018.

On 21 September 2018, our Company issued and allotted 9,122 Shares to Elegant Kindness at the subscription price of HK\$0.01 per Share, which subscription price has been paid in full.

On 25 September 2018, Mr. Lu entered into an equity transfer agreement with Kunshan Zhongke, pursuant to which Kunshan Zhongke transferred 1,800,000 shares of Shanghai Pujiang (equivalent to 2% of the issued share capital in Shanghai Pujiang), to Mr. Lu at a consideration of RMB10,500,000 which was fully settled on 29 September 2018.

Upon completion of the above step, our Company was owned as to approximately 79.28% by Elegant Kindness, 9.32% by Xinland Investment, 10.36% by Brilliance Benefit, and 1.04% by Five Standers and the equity interest in Shanghai Pujiang was owned by Shanghai Xiong Ao, Mr. Lu, Ossen Group HK and Dr. Tang as to approximately 96.5%, 2%, 1% and 0.5% respectively.

- (f) *Transfer of 2% shareholding in Shanghai Pujiang from Mr. Lu to Shanghai Xiong Ao and subscription of Shares by Brilliance Benefit*

On 28 September 2018, Shanghai Xiong Ao entered into an equity transfer agreement with Mr. Lu, pursuant to which Mr. Lu transferred 1,800,000 shares in Shanghai Pujiang (equivalent to 2% of the issued share capital in Shanghai Pujiang) to Shanghai Xiong Ao at a consideration of RMB1,800,000 which was fully settled on 29 September 2018.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On the same date, our Company issued and allotted 2,322 Shares to Brilliance Benefit at a subscription price of HK\$0.01 per Share, which subscription price has been paid in full.

Upon completion of the above step, our Company was owned as to approximately 77.67% by Elegant Kindness, 9.14% by Xinland Investment, 12.18% by Brilliance Benefit and 1.01% by Five Standers, and the equity interest in Shanghai Pujiang was owned by Shanghai Xiong Ao, Ossen Group HK and Dr. Tang as to approximately 98.5%, 1% and 0.5% respectively.

6. Transfer of 65.9% shareholding in Ossen Innovation from Effectual Strength to Acme Innovation

The Reorganisation involved a combination of both the Cables Business and the Prestressed Materials Business into our Group for [REDACTED]. This was effected by our Group acquiring the controlling interest in Ossen Innovation which was held by Dr. Tang.

Pursuant to agreements dated 7 August 2018, each of Fascinating Acme and Gross Inspiration transferred its entire holding of 600,000 shares (equivalent to 3% of the issued share capital) in Ossen Innovation to Effectual Strength (a company wholly-owned by Dr. Tang), for a consideration of US\$516,400 which was determined based on the trading price of the ADSs. The consideration paid to each of Fascinating Acme and Gross Inspiration, was settled in full on 8 August 2018 and on 14 August 2018, respectively.

On 2 October 2018, Dr. Tang, Effectual Strength, Elegant Kindness, Acme Innovation, and our Company entered into a sale and purchase agreement, pursuant to which Effectual Strength, transferred its entire holding of 13,050,000 shares in Ossen Innovation (equivalent to 65.9% of the issued share capital in Ossen Innovation) to Acme Innovation, in consideration for the allotment and issue to Elegant Kindness of 54,404 Shares of our Company (representing approximately 32.24% of the then issued share capital of our Company), credited as fully paid.

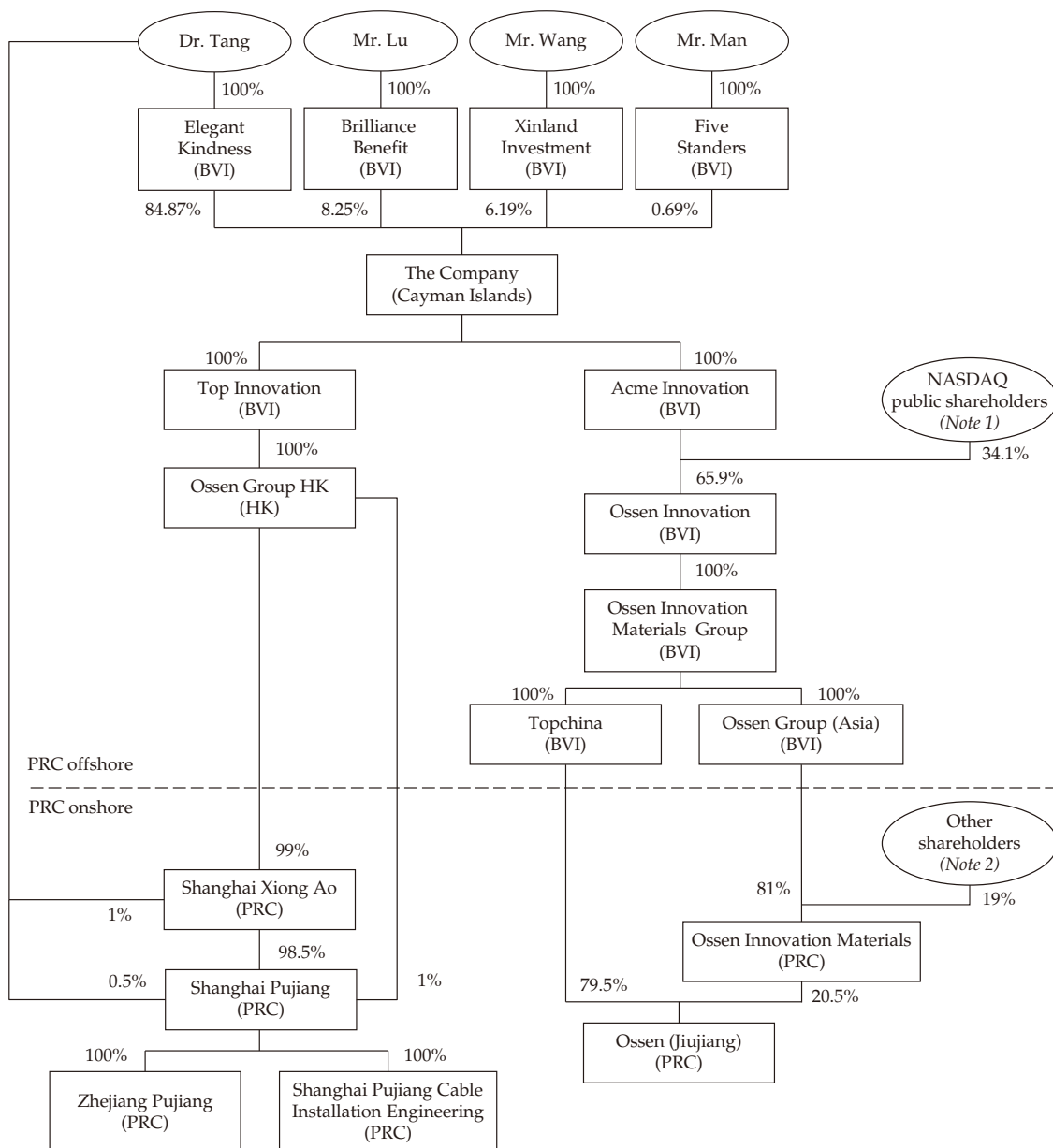
Upon completion of the above share transfer, Ossen Innovation was 65.9% owned by Acme Innovation, and our Company was owned as to approximately 84.87% by Elegant Kindness, 8.25% by Brilliance Benefit, 6.19% by Xinland Investment and 0.69% by Five Standers. Ossen Innovation remains listed on NASDAQ.

7. Capitalisation Issue

Conditional upon the crediting of our Company’s share premium account as a result of the allotment and issue of the [REDACTED] pursuant to the [REDACTED], our Directors are authorised to capitalise an amount of [REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for allotment and issue to Elegant Kindness, Brilliance Benefit, Xinland Investment and Five Standers (the “**Capitalisation Issue**”).

HISTORY, REORGANISATION AND GROUP STRUCTURE

Set forth below is the corporate and shareholding structure of our Group immediately after the Reorganisation, but before the completion of the [REDACTED] and the Capitalisation Issue:

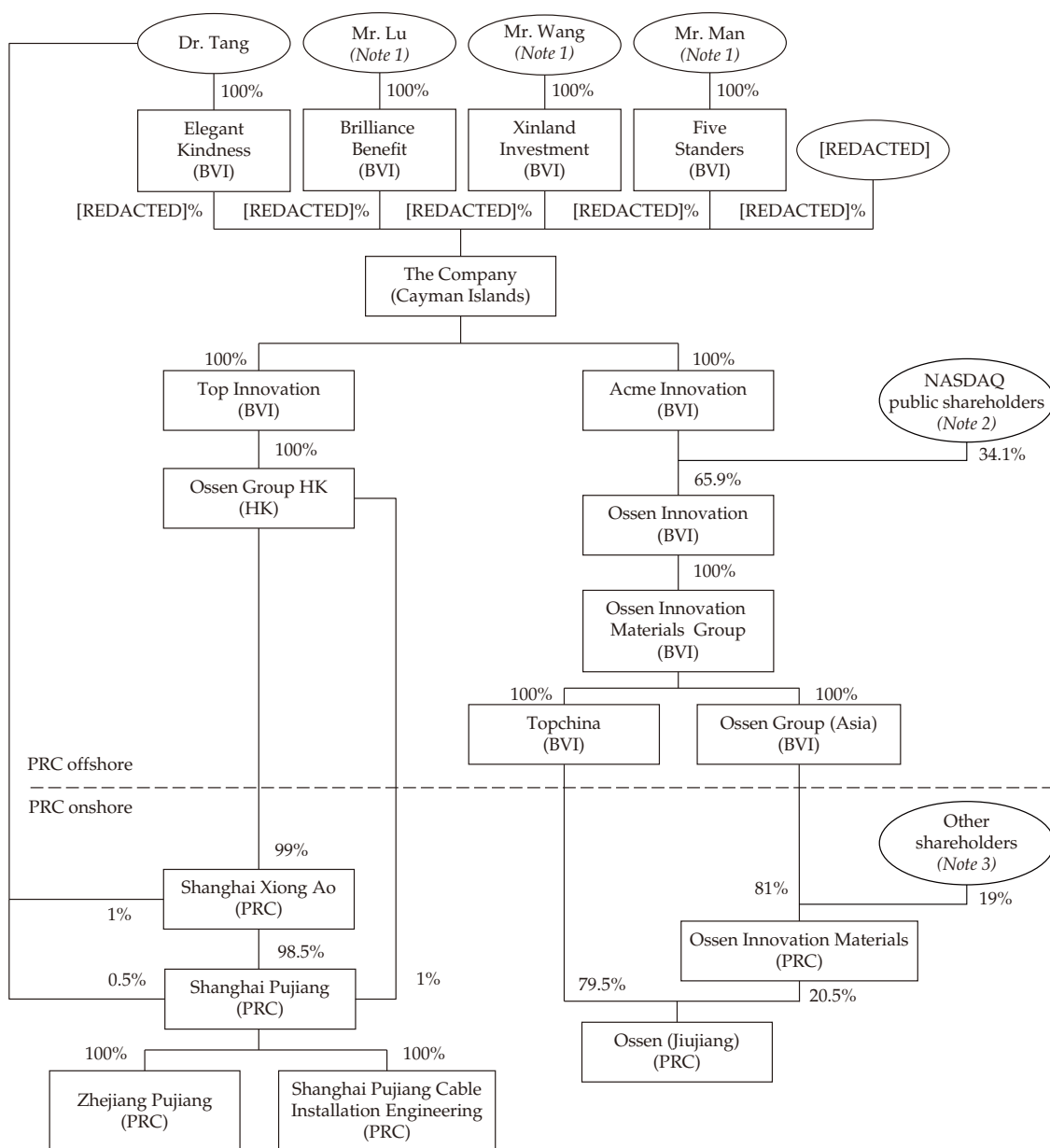


Notes:

- (1) NASDAQ public shareholders are the holders of ADSs listed on NASDAQ.
- (2) The remaining 19% equity interest in Ossen Innovation Materials was held by Anhui High-technology as to 9%, Maanshan Huishen as to 5%, Ossen Group PRC as to 3% and Maanshan Cihu as to 2% as at the Latest Practicable Date. Except for Ossen Group PRC, which is ultimately controlled by Dr. Tang, these shareholders are Independent Third Parties.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following diagram illustrates the corporate and shareholding structure of our group immediately following the completion of the [REDACTED] and the Capitalisation Issue assuming no option which may be granted under the Share Option Scheme is exercised and not taking into account the [REDACTED]:



Notes:

- (1) Mr. Lu, Mr. Wang and Mr. Man will also be public shareholders. Brilliance Benefit and Xinland Investment are [REDACTED].
- (2) NASDAQ public shareholders are the holders of ADSs listed on NASDAQ.
- (3) The remaining 19% equity interest in Ossen Innovation Materials was held by Anhui High-technology as to 9%, Maanshan Huishen as to 5%, Ossen Group PRC as to 3% and Maanshan Cihu as to 2% as at the Latest Practicable Date. Except for Ossen Group PRC, which is ultimately controlled by Dr. Tang, these shareholders are Independent Third Parties.

HISTORY, REORGANISATION AND GROUP STRUCTURE

PRC REGULATORY ISSUES RELATING TO THE REORGANISATION AND THE [REDACTED]

M&A RULES

On 8 August 2006, six PRC regulatory authorities in China (including CSRC, MOFCOM and SAFE) jointly promulgated Regulations on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), which became effective on 8 September 2006 and were subsequently amended on 22 June 2009, (the "M&A Rules"). The M&A Rules specifies that, where a PRC investor establishes or controls a foreign enterprise and acquires a connected company in the PRC through the foreign enterprise, it shall be subject to the approval of MOFCOM. All parties involved in the foreign investor's merger and acquisition of domestic enterprises shall abide by the applicable PRC laws and regulations on foreign exchange control and apply to SAFE or its local branches for approval, registration, filing for record and alteration formalities in a timely manner. In addition, the M&A Rules include provisions that purport to require offshore special purpose companies pursuant to the M&A Rules, controlled directly or indirectly by PRC companies or individuals with a view to list in an overseas stock exchange with their operating companies or assets in China, to obtain the approval of the CSRC prior to the listing and trading of their securities in any overseas stock exchange.

As advised by our PRC Legal Advisers, regarding the transfer of 1% equity interest from Mr. Wang to Mr. Man, since Mr. Man is an Australian citizen, he does not fall within the definition of domestic natural person under the M&A Rules. Also, as advised by our PRC Legal Advisers, regarding the transfers of 69.5%, 12%, 9%, 8% and 1% equity interest of Shanghai Pujiang from Ossen Group PRC, Mr. Lu, Mr. Wang, Kunshan Zhongke and Mr. Man, respectively to Shanghai Xiong Ao and Ossen Group HK, since Shanghai Pujiang is a sino-foreign joint venture limited liability company, and the Company is not a special-purpose company under the definition of the M&A Rules, there is no requirement for our Company to obtain the approval from MOFCOM with respect to such transfer. Further, since the consideration of the aforementioned transfer is settled by cash, there is also no requirement for our Company to obtain the approval of the CSRC prior to the [REDACTED]. As such, the abovementioned transfers complied with the M&A Rules.

SAFE Circular No. 37

Pursuant to SAFE Circular 37, special purpose vehicle ("SPV") refers to overseas companies directly incorporated or indirectly controlled by domestic residents (including domestic institutions and individual domestic residents) using the assets or rights and interests of domestic companies that they legally possess or the overseas assets or rights and interests they legally possess for the purpose of investments and financing. SAFE Circular No.37 further requires timely amendments to the registration for any major change in respect of the SPV, including, among other things, any major change of the SPV's PRC resident shareholder, name of the SPV, term of operation, or any increase or reduction of the SPV's registered capital contributed by the PRC domestic resident, share transfer or swap, and merger or division. As advised by the our PRC Legal Advisers, Dr. Tang, Mr. Lu and Mr. Wang completed the registration for SAFE Circular No.37 on 1 August 2017.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Our PRC Legal Advisers have further confirmed that all approvals, permits and licences required in connection with the Reorganisation have been obtained, and the Reorganisation complies with the applicable PRC laws and regulations.

LISTING ON OTHER STOCK EXCHANGES

Listing of Ossen Innovation on NASDAQ

In order to raise funds for its operations and seek a platform for further capital financing, Ossen Innovation, which holds our Prestressed Materials Business, sought a listing in the US. Ossen Innovation issued and listed ADSs on NASDAQ Global Market in the United States on 21 December 2010 (stock code: OSN). The listing of the ADSs was transferred to the NASDAQ Capital Market on 30 July 2013. Ossen Innovation is and will remain listed on NASDAQ Capital Market following the [REDACTED].

Each ADS represents three ordinary shares of Ossen Innovation. The ordinary shares of Ossen Innovation are not listed, but the ordinary shares held by holders of such ADSs have been deposited with J.P. Morgan Chase Bank, N.A. as depositary for the ADS programme. J.P. Morgan Chase Bank, N.A. holds the legal title of the ordinary shares which are deposited into the ADS programme from time to time. Ossen Innovation currently has 19,791,110 ordinary shares in issue, of which 13,050,000 shares are held by Acme Innovation, and the remaining 6,741,110 shares are deposited with the depositary and held by public shareholders.

Aborted listing application of Cable Business on the Shanghai Stock Exchange

Following Dr. Tang's acquisition of control in Shanghai Pujiang in 2010, Shanghai Pujiang proposed to seek a listing on the Shanghai Stock Exchange to raise funds for its operations and seek a platform for further capital financing. On 10 June 2015, Shanghai Pujiang submitted its listing application to the China Securities Regulatory Commission. However, given the large number of listing applications which rendered the listing timetable uncertain, and the Group's subsequent business strategy to consolidate the Cable Business and the Prestressed Materials Business (see below), Shanghai Pujiang withdrew its listing application in the second half of 2016 and considered alternative methods of [REDACTED] or capital raising. At the time of withdrawal of the listing application, no comments had yet been received from the China Securities Regulatory Commission or the Shanghai Stock Exchange on Shanghai Pujiang's listing application.

Business strategy to combine the Cable Business and Prestressed Materials Business

From around 2016, we decided to consolidate the Cable Business and Prestressed Materials Business into a single group given the potential synergies between the two businesses in terms of supply chain management and operations and seek a [REDACTED] of the enlarged group on an internationally recognised stock exchange. In addition, a consolidation of the Cable Business and the Prestressed Materials Business would give our Group a greater scale and international footprint to capture further growth opportunities due to international project opportunities for our Cable Business. Our Directors ultimately decided that the Stock Exchange represents the most suitable [REDACTED] venue for our Group given our operations and revenues are mostly in the PRC, and our management is based in the PRC.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Proposed reorganisation of Ossen Innovation

Various alternatives were considered for combining the two businesses. It was proposed that the Prestressed Materials Business, which is held by Ossen Innovation, would be transferred to an entity affiliated with Dr. Tang in exchange for the cancellation of his shares in Ossen Innovation. At the same time, Ossen Innovation would acquire a new business from, and become controlled by a third party. It was anticipated that following completion of the proposed transaction, (i) Dr. Tang would no longer be interested in any shares of Ossen Innovation, and Ossen Innovation would therefore no longer be affiliated with our Group and (ii) the Cable Business and the Prestressed Materials Business would be consolidated in a single group in anticipation of a new [REDACTED] on the Stock Exchange. At the time, the directors of Ossen Innovation considered this arrangement to be in the best interests of the shareholders of Ossen Innovation.

In order to effect the aforementioned arrangement, on 19 July 2017, Ossen Innovation entered into a share exchange agreement (the “**Exchange Agreement**”) with, among others, America-Asia Diabetes Research Foundation (“**AADRF**”), a California corporation that owned a China-based medical devices company engaged in the research, development and marketing of glucose control products. AADRF was an investment holding company, whose shares were in turn held by management of the China-based medical devices subsidiary and various financial investors. Pursuant to the Exchange Agreement, Ossen Innovation agreed to acquire all of the equity interests in AADRF in exchange for the issue of shares in Ossen Innovation to AADRF’s shareholders. In addition, Ossen Innovation entered into an agreement (the “**Spin-Off Agreement**”) to spin-off its existing Prestressed Materials Business immediately following completion of the Exchange Agreement. Pursuant to the Spin-Off Agreement, an entity affiliated with Dr. Tang would acquire all of the equity of Ossen Innovation Materials Group, in exchange for the forfeiture and cancellation of all the ordinary shares held by Dr. Tang in Ossen Innovation. The Exchange Agreement and the Spin-off Agreement, hereinafter is together referred to as, the “**US Reorganisation**”. The US Reorganisation was approved by approximately 98.8% of the votes cast at a special general meeting of shareholders of Ossen Innovation on 17 January 2018. Effectual Strength (a company wholly owned by Dr. Tang), which held 59.5% of all the ordinary shares, abstained from voting.

However, following various delays in completion of the transaction, on 8 May 2018, Ossen Innovation terminated the Exchange Agreement as AADRF and its shareholders had failed to satisfy the closing conditions set forth in the Exchange Agreement. As the Exchange Agreement and the Spin-Off Agreement were inter-conditional, the Spin-Off Agreement was also deemed terminated. The Directors confirm that the termination and abortion of the US Reorganisation did not have and will not have a material impact on our business.

Given preparations for a [REDACTED] were already underway, the continued growth of our business and the industry outlook, we decided to proceed with the business combination, by acquiring the shares of Ossen Innovation held by Acme Innovation, and to proceed with the application for [REDACTED]. We consider this the best available alternative to achieve the strategy of combining the Prestressed Materials Business and the Cable Business and achieve a [REDACTED].

HISTORY, REORGANISATION AND GROUP STRUCTURE

Historic non-compliance incidents

Pursuant to the NASDAQ Capital Market listing rules, the ADSs of Ossen Innovation need to trade at a bid price at or above US\$1.00 over any prior 30 consecutive business days period. In the past, Ossen Innovation has received the following letters of non-compliance from NASDAQ relating to the closing bid price of the ADSs falling below the requisite minimum price of US\$1.00 per ADS:

| Date of letter of non-compliance | Period during which ADS price was below US\$1.00 bid price |
|----------------------------------|--|
| 12 August 2014 | 30 June 2014 to 11 August 2014 |
| 17 September 2015 | 5 August 2015 to 16 September 2015 |

In accordance with the NASDAQ Capital Market listing rules, Ossen Innovation was given a compliance period of 180 calendar days (and as requested by Ossen Innovation, a further 180 calendar days period was granted) in which to regain compliance for the said non-compliance incidents.

In relation to each of the above incidents, the non-compliance incidents arose from fluctuations in the trading price of the ADSs and not a wrongful act by Ossen Innovation on its directors. In addition, Ossen Innovation had taken appropriate measures to rectify the non-compliance, including taking steps to undertake share repurchase programmes and a reverse stock split. The bid price of the ADSs subsequently recovered and Ossen Innovation received letters from NASDAQ on 30 July 2015 and 6 September 2016 confirming that it had regain compliance. Should the closing bid price of the ADSs continuously stay below the US\$1.00 bid price requirement for an extended period of time and Ossen Innovation fail to timely rectify such non-compliance, Ossen Innovation may be delisted from NASDAQ. Please refer to the section headed "Risk Factors — Risks Relating to the [REDACTED] and our Shares and Listing of Ossen Innovation on NASDAQ — The trading prices and volumes of the ADSs of Ossen Innovation may be volatile, which may have an effect on the prices and volumes of our Shares traded on the Stock Exchange and the ability of Ossen Innovation to remain listed on NASDAQ". Given the bid price of securities are determined by the market, the Group is unable to prevent the bid price of the ADSs falling below the prescribed minimum in future. In the event a non-compliance incident should occur again, Ossen Innovation will monitor the trading pattern of its ADSs and take appropriate rectification measures (such as share repurchases or reverse stock splits) if the bid price does not sufficiently recover during the cure period.

Save for the above, the Directors are not aware of any non-compliance by Ossen Innovation with the applicable rules and regulations in relation to its listing on NASDAQ.