This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Hong Kong Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Hong Kong Offer Shares are set out in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Hong Kong Offer Shares.

OVERVIEW

We are a manufacturer of non-porous crystalised stone in the PRC. Crystalised stone, being a relatively new decoration and building material, is a type of synthetic stone material formed from inorganic materials melted in high temperature. According to the ZhongAn Report, crystalised stone can generally be classified into porous crystalised stone (有孔微晶石), composite crystalised stone (複合微晶石) and non-porous crystalised stone (無孔微晶石). We captured approximately 46.2%, 48.7% and 40.0% of the PRC non-porous crystalised stone market for each of the three years ended 31 December 2012, respectively, in terms of total sales volume and approximately 4.2% of the market share in terms of sales volume in the overall crystalised stone market in 2012, according to the ZhongAn Report. Non-porous crystalised stone accounted for approximately 10.6% of the domestic crystalised stone market in terms of market demand in 2012.

We manufacture non-porous crystalised stone at our Hengfeng Production Facilities and Yunshan Production Facilities, both located in Jiujiang City, Jiangxi Province, the PRC. We manufactured approximately 1.46 million square metres of non-porous crystalised stone in 2012. Our production process is highly automated and we apply our own patented technologies in our production process. We believe that our product development capabilities enable us to develop new products with features such as zero water absorption and enhanced compression and bending strengths. As of the Latest Practicable Date, we had a dedicated team of 47 research and development employees focusing on product development and improvement of our production technologies and process.

Our revenue increased from approximately RMB282.7 million for the year ended 31 December 2010, to approximately RMB402.1 million for the year ended 31 December 2011, to approximately RMB458.7 million for the year ended 31 December 2012.

We will continue to expand our production facilities to cater for our further development, satisfy the increasing demand from our customers and capture the potential market share.

OUR PRODUCTS

As of the Latest Practicable Date, we offered three series of non-porous crystalised stone, namely 1G Phoenix Stone, 2G Phoenix Stone and 3G Phoenix Stone. Our three series of non-porous crystalised stone are marketed under our "" and "***KING BIRD***" brands. The non-porous crystalised stone products we currently offer are white in colour, which we believe to have sufficient market demand currently. The three series of our products have different functional performances and characteristics, such as bulk density, compression strength and impact toughness and can be applied in a wide variety of settings and applications. Please refer to page 97 of this prospectus for a quantitative comparison of the functional performances and characteristics of our products.

1G Phoenix Stone

1G Phoenix Stone was launched by us in 2005 and is generally used for sanitary ware and kitchenware. 1G Phoenix Stone is ideal for undergoing further processing by our customers into sanitary ware and kitchenware such as washbasins, bidets and countertops. Due to its lower compression strength and impact toughness when compared with 2G Phoenix Stone and 3G Phoenix Stone, 1G Phoenix stone is relatively more brittle and is suited for undergoing additional processing as additional processing would generally yield products that are more resilient. The average production time for 1G Phoenix Stone is approximately 6.8 hours.

2G Phoenix Stone

2G Phoenix Stone was launched by us in 2007. 2G Phoenix Stone was developed by us to provide the market with non-porous crystalised stone that has increased durability and can be applied as flooring material. Due to its higher compression strength and resilience when compared with 1G Phoenix stone, 2G Phoenix Stone can be used as flooring material, interior and exterior building walls and table tops. The average production time for 2G Phoenix Stone is approximately 7.9 hours.

3G Phoenix Stone

3G Phoenix Stone was launched to the market in 2011 and is an advancement of the 2G Phoenix Stone. 3G Phoenix Stone has the highest bending strength amongst our three series of products and can ideally be used as flooring material, interior and exterior building walls as it allows for easy installation. With the best functional performances among our three generations of productions, our 3G Phoenix Stone can generally be applied in all usages and applications of 1G Phoenix Stone and 2G Phoenix Stone. The average production time for 3G Phoenix Stone is approximately 8.4 hours.

The following table sets forth the sales volume and breakdown of the sales of our three series of non-porous crystalised stone during the Track Record Period:–

	For the year ended 31 December								
	2010			2011			2012		
	square metre	*RMB'000*	*(%)*	*square metre*	*RMB'000*	*(%)*	*square metre*	*RMB'000*	*(%)*
1G Phoenix Stone	378,690	86,452	30.6	386,547	87,344	21.7	224,210	51,858	11.3
2G Phoenix Stone	637,093	196,219	69.4	704,403	216,983	54.0	797,833	281,327	61.3
3G Phoenix Stone	–	–	–	268,520	97,783	24.3	338,028	125,531	27.4
	1,015,783	282,671	100.0	1,359,470	402,110	100.0	1,360,071	458,716	100.0

The following table sets forth the average selling price per square metre of our products during the Track Record Period:–

	For the year ended 31 December		
	2010	**2011**	**2012**
	RMB	*RMB*	*RMB*
1G Phoenix Stone	228	226	231
2G Phoenix Stone	308	308	353
3G Phoenix Stone	–	364	372
Overall	**278**	**296**	**337**

Please refer to pages 165 to 166 of this prospectus for the analysis of the trend of the average selling price of our products.

SALES AND DISTRIBUTION

Our customers include trading companies, wholesalers and processing companies in the PRC and overseas markets. Our products are sold to our customers on an order-by-order basis and, to the best knowledge of our Directors, are then further sold to their own customers. We are not involved in any sales and marketing of our products sold by our customers. Our customers are not our distributors as we do not have any control or influence as to (i) how the customers re-sell our products onward to their own customers; (ii) their credit and pricing policy of our products; and (iii) their modes of operation and their management of their own sales networks. We generally offer uniform selling prices to most of our customers. We will review and adjust our selling price from time to time taking into account factors such as market price. Our domestic sales are widely spread to cover customers in Beijing, Shanghai, Fujian Province, Guangdong Province, Zhejiang Province, Jiangsu Province, Jiangxi Province, Shangdong Province, Liaoning Province, Anhui Province and Sichuan Province. We also directly export our products to our overseas customers such as those in Hong Kong, Brazil and the UAE.

The following table sets forth the breakdown of our revenue by geographical location of customers during the Track Record Period:–

	Year ended 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Domestic	278,704	388,809	407,330
Overseas	3,967	13,301	51,386
	282,671	402,110	458,716

Trading companies

Our products are sold to trading companies overseas and in the PRC and they further sell our products to their own customers. Trading companies include companies which are in the business of trading various products including decoration and building materials. We have had an average of approximately two years of business relationship with our trading company customers. Due to the nature of the trading business which depends on the orders from their customers, the number of new customers and customers that did not place recurring sales orders is relatively larger compared to our other types of customers.

Wholesalers

We sell our products to wholesale customers, which are in the business of wholesaling, and they sell our products at their own stores to their customers. Our wholesale customers operate their own stores located both in the PRC and the overseas. We have had an average of more than five years of business relationship with our wholesaler customers.

Processing companies

Our products are sold to processing companies in the PRC and overseas and they have the capabilities to further process our products into sanitary ware, kitchenware and other products. We have had an average of approximately four years of business relationship with our processing company customers. After processing our products into sanitary ware, kitchenware or other products, to the best knowledge of our Directors, the processing companies sell the processed products to their own customers.

The following table sets forth the breakdown of our revenue by sales channels during the Track Record Period:–

	Year ended 31 December					
	2010		2011		2012	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Trading companies	147,073	52.0	239,905	59.7	218,080	47.5
Wholesalers	83,779	29.7	95,975	23.8	142,298	31.1
Processing companies	51,819	18.3	66,230	16.5	98,338	21.4
	282,671	100.0	402,110	100.0	458,716	100.0

In view of the expansion of our production capacity as a result of establishment of our Yushan Production Facilities, in 2013, we entered into framework agreements with some of our key customers. Our framework agreements specify the minimum purchase amounts of non-porous crystalised stone during the term of the agreements and the customers are required to pay a compensation of 10% on shortfall of the minimum purchase amount if they fail to meet the minimum purchase amount. The unit selling price of our products was not fixed in the framework agreements and will be based on the uniform selling price at the time of placing sales orders. Our PRC legal adviser, Beijing Tian Yuan Law Firm, has confirmed that these framework agreements are valid and legally binding on the parties to the agreements, and are enforceable under the PRC laws within the term of validity. Please refer to pages 114 to 115 of this prospectus for further details on the framework agreements.

PROCUREMENT AND SUPPLIERS

Our principal raw materials include quartz sand (石英砂), lithium feldspar powder (鋰長石粉), soda ash (純鹼), potassium carbonate (碳酸鉀) and sodium fluorosilicate (氟硅酸鈉). Our principal parts and components include metal accessories (五金配件), packaging materials (包裝材料), abrasive tools (磨具) and saw blades (鋸片). Coal is also procured by us as fuel for the furnaces in our production process. Our suppliers generally grant us a credit period of 30 to 60 days. We place purchase orders with our suppliers on a case-by-case basis and the purchase price is usually determined based on the market price when we place a particular order. During the Track Record Period, the prices of the major raw materials and coal used by us have been volatile. Please refer to page 155 of this prospectus for the average prices of our major raw materials and coal purchased during the Track Record Period.

To secure supply of raw materials, coal and electricity for production and to avoid any negative effects of price fluctuation for the commencement of operation of our Yunshan Production Facilities, we entered into supply agreements with 11 suppliers and made certain prepayments pursuant to the supply agreements. Please refer to pages 109 to 110 of the prospectus for further details on the prepayments made to the 11 suppliers.

OUR PRODUCTION CAPACITY AND EXPANSION PLAN

Further information on our production facilities and our production capacity is set forth in the section headed "Business – Production facilities" on pages 100 to 103 of this prospectus.

We will apply the majority of the proceeds from the New Issue and internal funds generated from our operations to continue to expand our production capacity to cater for our further development as well as to satisfy the increasing demand from our customers. Our Yunshan Production Facilities is our new production facilities and is expected to have four production lines. The construction of the first production line has been completed and has commenced operation in February 2013. The construction of the second production line of our Yunshan Production Facilities has started in June 2013 and is expected to commence operation in September 2013. We plan to begin the construction of the third and fourth production lines at our Yunshan

Production Facilities in the first half of 2014 and we expect both production lines to commence operation in the second half of 2014. Our Directors believe our expansion plans are reasonable and we are well-positioned to capture the market growth.

As our expansion plans are at a preliminary stage and are subject to inherent risks and uncertainties, we cannot assure you that our production capacity expansion plans will be successfully implemented. Any failure or delay in implementing any part of these expansion plans may materially affect our business, financial condition and results of operations.

The table below shows the key information on our existing operations, market position and expansion plans:

	2012	**2013 (estimated)**	**2014 (estimated)**
Market demand for crystalised stone in the PRC *(note 1)*	32.1 million square metres	37.8 million square metres	43.5 million square metres
Market demand of non-porous crystalised stone in the PRC *(note 1)*	3.40 million square metres	4.10 million square metres	4.76 million square metres
Our actual production volume	1.46 million square metres	not available	not available
Our maximum annual production capacity *(note 2)*	1.96 million square metres	3.21 million square metres	4.33 million square metres
Our utilisation rate *(note 3)*	74.6%	70.0% -75.0%	70.0% -75.0%
Our total indicated minimum sales volume based on the framework agreements *(note 4)*	not applicable *(note 5)*	1.02 million square metres	2.03 million square metres
Capital expenditure required for our expansion plan *(note 6)*	RMB262.7 million	RMB124.5 million	RMB312.8 million

Notes:

1. Based on the ZhongAn Report.
2. The estimated maximum production capacity for 2013 and 2014 has taken into account the projected commencement dates of operation of our production lines at the Yunshan Production Facilities and the estimated overhaul period as disclosed on page 106 of this prospectus. Our maximum designed annual production capacity for 2013 and 2014 is 3.88 million square metres and 5.48 million square metres, respectively.
3. The basis of calculations of our utilisation rate is set out on page 100 of this prospectus.
4. The indicated total sales volumes are based on the minimum purchase amounts in the framework agreements.
5. No framework agreements were signed in 2012.
6. We intend to apply approximately HK$309.0 million of the net proceeds from the New Issue to finance the capital expenditure of our expansion plan. Please refer to page 94 of this prospectus for details.

According to the ZhongAn Report, the market demand for non-porous crystalised stone in the PRC is expected to reach 4.76 million square metres in 2014, an increase from 3.40 million square metres in 2012, representing a CAGR of 18.3% over the period.

Our estimated maximum annual production capacity of 4.33 million square metres for 2014 is close to the market demand for non-porous crystalised stone in the PRC of 4.76 million square metres in 2014. The market demand only refers to the non-porous crystalised stone segment in the PRC. Our expansion plan is not limited to the PRC market. We have to take into account the potential growth in our export sales, substitution as decoration and building materials for crystalised stone and our ability to capture the market share of other types of crystalised stone. In addition, we compete with our competitors in various aspects such as production capacity in order to maintain our market share and sustain continuous growth. We will need to plan our expansion plan in advance to capture the potential market growth (including as substitutes for other crystalised stone) and overseas markets, or otherwise, we may lose our market share as a result of decrease in our production volume due to our failure to expand in a timely manner.

According to the ZhongAn Report, due to similar usages, the three types of crystalised stone may be used as substitutes for one another. The sales volume of crystalised stone in the PRC is expected to grow from 32.09 million square metres in 2012 to 43.50 million square metres in 2014, representing a CAGR of 16.4% over the period, and the export volume of domestic crystalised stone is expected to increase from 3.80 million square metres in 2012 to 5.60 million square metres in 2014, representing a CAGR of 21.4% over the period.

During the Track Record Period, our utilisation rate was approximately 81.0%, 78.0% and 74.6%, respectively, which, according to the ZhongAn Report, is in line with the utilisation rate of the non-porous crystalised stone industry in the PRC of about 75% by reference to research conducted by ZhongAn of other PRC non-porous crystalised stone manufacturers. We expect that our utilisation rate from 2013 to 2014 will remain in the range of 70.0% to 75.0% with the view to maintain our current level of production and production quality. Based on our past experience and taking into account the latest development of our Yunshan Production Facilities, our Directors believe that to maintain our utilisation rate of 70% to 75% is reasonable and beneficial of our Group. Please refer to the section headed "Business – Production facilities" on page 101 in this prospectus for detailed analysis of our utilisation rate. If there is any decrease in the level of utilisation of our production facilities or if we fail to maintain an adequate utilisation rate, our revenue would be adversely affected. Our gross profit would also decrease, but not necessarily in proportion with the level of decrease in utilisation rate. In such event, we may need to reduce our production volumes, temporarily suspend the operation of our production lines or postpone the expansion of our production facilities.

Through the understanding from our customers and the market, there is continuous demand for our products by our customers. In view of the expansion of our production capacity as a result of establishment of our Yunshan Production Facilities, in 2013, we entered into framework agreements with some of our key customers. Based on the framework agreements we have signed so far, the total indicative minimum sales volume under the framework agreements for 2014 is 2.03 million square metres, representing approximately 46.9% of our estimated maximum annual production capacity in 2014 and 42.6% of the forecasted market demand of non-porous crystalised stone in the PRC in 2014 with reference to the ZhongAn Report.

We will review our expansion plans from time to time and will keep the public informed on our expansion plans before commencing construction of each of our production lines. We will make announcements on a timely basis and include relevant disclosures in our interim and annual reports after Listing, including but not limited to, the basis of decisions of commencing construction, the commencement date of our new production lines, the stage of our expansion plans, the production capacity of our production lines, the utilisation rate of our production lines, the breakeven utilisation rate of our production lines, the expected outstanding capital expenditure, the source of funding, the utilised and unutilised portions of proceeds, the alternative use of proceeds earmarked for the construction of production lines 3 and/or 4 if we decide not to commence the construction of production lines 3 and/or 4, and the expected sales volume. The net proceeds from the New Issue earmarked for the construction of production lines 3 and 4 of our Yunshan Production Facilities will not be used for any other purpose until we decide otherwise. If we decide not to commence the construction of the production lines 3 and/or 4, such earmarked proceeds will be used for the repairs and maintenance and upgrade of our current production facilities. As such, the construction of production lines 3 and/or 4 of our Yunshan Production Facilities may or may not commence in accordance with the planned timetable.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive advantages:–

- We have approximately 46.2%, 48.7% and 40.0% market share in terms of sales volume in the non-porous crystalised stone industry in the PRC for each of the three years ended 31 December 2012, respectively
- Our product development capabilities enable us to improve and enhance our products
- Our highly automated production facilities enable us to manufacture non-porous crystalised stone efficiently and cost-effectively
- We have an experienced and cohesive senior management team with a proven track record of success

OUR BUSINESS STRATEGIES

Our Directors intend to implement the following business strategies to achieve our business objectives:–

- Expand our production capacities, improve our production technologies and increase production efficiency
- Optimise our product offerings and continue to leverage on our own patented technologies to enhance our products
- Expand our existing market share by developing new customers and exploring new markets

KEY FINANCIAL INFORMATION

The following tables sets forth certain historical financial information for the periods indicated. This financial information was extracted from, and should be read in conjunction with the financial information of our Group set forth in the Accountants' Report set forth in Appendix I from page I-1 to this prospectus.

Selected combined income statements and balance sheets data

	For the year ended 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	282,671	402,110	458,716
Gross profit	108,810	175,192	216,058
Gross profit margin	38.5%	43.6%	47.1%
Profit before tax	83,371	140,447	161,764
Profit and total comprehensive income for the year attributable to owners of the Company	72,528	104,736	118,382
Net profit margin	25.7%	26.0%	25.8%

The table below sets forth the gross profit and gross profit margin by product during the Track Record Period:–

	Year ended 31 December					
	2010		2011		2012	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
1G Phoenix Stone	25,755	29.8	29,591	33.9	17,887	34.5
2G Phoenix Stone	83,055	42.3	100,609	46.4	138,962	49.4
3G Phoenix Stone	–	–	44,992	46.0	59,209	47.2
	108,810	38.5	175,192	43.6	216,058	47.1

Our gross profit margin increased from 38.5% in 2010 to 43.6% in 2011 and further to 47.1% in the 2012 principally because of the (i) increase in the average selling price of our products; (ii) increase in the sales volume of our products; and (iii) increased economies of scale after our increase in production capacity, in particular realised in the manufacturing overhead incurred. Please refer to page 168 of this prospectus for a detailed analysis of our gross profit margin during the Track Record Period.

	As of 31 December		
	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*
Current assets	126,804	175,738	191,420
Current liabilities	178,679	216,752	231,148
Net current liabilities	51,875	41,014	39,728
Net assets	225,604	340,548	458,930

Selected combined statements of cash flows

	For the year ended 31 December		
	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*
Net cash from operating activities	70,400	184,979	136,906
Net cash used in investing activities	(124,627)	(173,089)	(182,375)
Net cash from financing activities	53,237	33,310	35,337

Financial ratios

	For the year ended 31 December		
	2010	2011	2012
Current ratio	0.71	0.81	0.83
Gearing ratio (%)	38	33	44

NET CURRENT LIABILITIES AND WORKING CAPITAL SUFFICIENCY

As of 31 December 2010, 2011 and 2012, we had net current liabilities of approximately RMB51.9 million, RMB41.0 million and RMB39.7 million, respectively. Our net current liabilities positions during the Track Record Period were mainly attributable to purchases of property, plant and equipment which were financed with various bank borrowings and working capital. Please refer to page 182 of this prospectus for further details of our net current liabilities positions. Taking into account the financial resources available to us, including the estimated net proceeds from the New Issue, the available credit facility and our internally generated funds, our Directors are of the view that we have available sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

LATEST DEVELOPMENTS RELATING TO OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

The financial information for the period from 1 January 2013 to 30 April 2013 as shown below was extracted from the unaudited condensed consolidated financial statements for the four months ended 30 April 2013 prepared by the Directors in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA), which were reviewed by Deloitte Touche Tohmatsu, the reporting accountants of the Company, in accordance with Hong Kong Standard on Review Engagements ("HKSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The comparative financial information for the period from 1 January 2012 to 30 April 2012 has not been reviewed.

	Four months ended 30 April 2013 *(unaudited, RMB'000, except percentage)*
Revenue	199,383
Gross profit	104,054
Gross profit margin	52.2%

We have shown steady development in our business after the Track Record Period. There has been no material change to our business model, cost and revenue structure subsequent to 31 December 2012 and up to the Latest Practicable Date. We continued to focus on the development of new and existing products. In the end of 2012, we have successfully developed non-porous crystalised stone that are black and ivory in colour and we will launch these new products to the market when there is sufficient market acceptance and demand and when there is sufficient production capacity. With the expansion plan of our production plants, we intend to launch the non-porous crystalised stone in black and ivory colour to the market in 2014. The first production line at our Yunshan Production Facilities has already commenced in February 2013 adding an additional 0.8 million square metres to our maximum designed annual production capacity. The Yunshan Production Facilities expect to have four production lines with an estimated maximum designed annual production capacity of approximately 3.2 million square metres in accordance with our expansion plan.

We experienced a growth in the sales of our products by securing over 22 new customers in 2013 as of the Latest Practicable Date. Our unaudited sales amount reached approximately RMB199.4 million for the four months ended 30 April 2013 as compared with approximately RMB143.7 million for the four months ended 30 April 2012. Our gross profit margin also increased in the four months ended 30 April 2013 as compared with the corresponding period in 2012, which is in line with our increase in revenue. The total sales volume of our non-porous crystalised stone reached approximately 0.6 million square metres for the four months ended 30 April 2013. Our average selling price per square metre of 1G Phoenix Stone, 2G Phoenix Stone and 3G Phoenix Stone for the four months ended 30 April 2013 was RMB216, RMB355 and RMB380 respectively. Subsequent to 31 December 2012 and up to the Latest Practicable Date, we did not experience a significant change of pricing policy for orders secured after 31 December 2012 and our Directors did not identify any significant cancellation of orders from our customers. There was no material change in the cost of our raw materials subsequent to 31 December 2012. As of 30 April 2013, we had RMB208.6 million in outstanding short-term and long-term bank borrowings. As of 30 April 2013, all of the total trade receivables as of 31 December 2012 have been subsequently settled. We confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or our prospects since 31 December 2012, and there has been no event since 31 December 2012 which would materially affect the financial information as shown in the Accountants' Report set forth in Appendix I from page I-1 to this prospectus.

The Directors confirm that we did not have any material non-recurring income or expenses for the three years ended 31 December 2012 save for the above prepayments made for raw materials, coal and electricity and certain expenses incurred. The total amount of listing expenses, including underwriting commissions, that will be borne by us in connection with the Global Offering is estimated to be approximately HK$40.2 million (based on the mid-point of our indicative price range for the Global Offering), of which approximately HK$19.2 million is expected to be capitalised after the Listing. The remaining approximately HK$21.0 million fees and expenses was or is expected to be charged to our profit and loss accounts, of which HK$10.9 million (equivalent to RMB8.7 million) were charged for the year ended 31 December 2012, and approximately HK$10.1 million is expected to be charged for the year ending 31 December 2013.

SHAREHOLDER INFORMATION

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be alloted and issued upon any exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), Hong Kong Golden Phoenix and Hong Kong Dragon Yu will be directly interested in 46.2% and 10.8%, respectively, of the issued share capital of our Company.

Our Directors are of the view that as of the Latest Practicable Date, none of our Controlling Shareholders or any of their respective associates had any interests in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group.

GLOBAL OFFERING STATISTICS

We have prepared the following offer statistics on the basis of hypothetical Offer Prices without taking into account the 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee. We have also assumed no exercise of the Over-allotment Option.

	Based on Offer Price per Share of HK$1.00	**Based on Offer Price per Share of HK$3.00**
Market capitalisation of our Shares	HK$1,000 million	HK$3,000 million
Unaudited pro forma adjusted net tangible asset value per Share	RMB0.64 (HK$0.80)	RMB1.03 (HK$1.30)

The calculation of our market capitalisation upon completion of the Global Offering is based on the assumption that 1,000,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering. The unaudited pro forma adjusted net tangible asset value per Share is calculated after the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets per share" set forth in Appendix II on pages II-1 to II-2 in this prospectus and on the basis of a total of 1,000,000,000 Shares in issue immediately following the Global Offering.

DIVIDEND POLICY

No dividends have been declared or paid by our Company since its incorporation. Subject to the above factors and the factors discussed in the section headed "Financial Information – Dividend Policy" on pages 192 to 193 in this prospectus, our expected dividend policy is that not less than approximately 20% of our profits available for distribution will be recommended for distribution in each financial year. The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our Shareholders.

USE OF PROCEEDS

We estimate that the net proceeds from the New Issue (after deduction of underwriting fees and estimated expenses payable by us in relation to the New Issue, and assuming an Offer Price of HK$2.00 per Offer Share, being the mid-point of the indicative Offer Price range of HK$1.00 to HK$3.00 and the Over-allotment Option is not exercised) are approximately HK$471.0 million (to be received upon Listing). Our Directors intend to apply the net proceeds from the New Issue for the following purposes:

Amount of proceeds (%)	Use of proceeds
HK$309.0 million (65.6%)	For the construction of and for purchases of automatic machinery and equipment for production lines 3 and 4 at the Yunshan Production Facilities
HK$40.0 million (8.5%)	To establish a research and development centre and to recruit research and development staff and/or experts in order to increase and enhance our research and development activities, to purchase additional and upgrade existing product testing and research equipment and furthering our cooperation with accredited research institutions, universities and individuals
HK$30.0 million (6.4%)	To expand the exposure of our brand and products by cooperating with selected wholesalers in decorating and outfitting their stores in first-tier and selected major cities in the PRC to feature and display our products
HK$40.0 million (8.5%)	For the promotion of brand recognition and brand value through advertising in various media (such as television, the Internet, billboards and magazines), recruiting marketing staff and participating in trade shows, industry exhibitions and special public relation activities
HK$52.0 million (11.0%)	For general working capital and other general corporate purposes

Please refer to the paragraph headed "Future Plans and Proceeds – Future Plans" from page 195 of this prospectus for a detailed description of our future plans.

We estimate that the net proceeds to the Selling Shareholders from the Sale Shares (after deduction of underwriting fees and estimated expenses payable by our Selling Shareholders in relation to the Global Offering, and assuming an offer price of HK$2.00 per offer share, being the mid-point of the indicative offer price range of HK$1.00 to HK$3.00 and the Over-allotment Option is not exercised) are approximately HK$56.5 million. Our Company will not receive any of the proceeds from the Sale Shares.

RISK FACTORS

There are risks associated with our business and investment in the Global Offering. Some of the particular risks are set forth in the section headed "Risk Factors" from page 23 of this prospectus. You should read that entire section carefully before you decide to invest in the Offer Shares.