

SUMMARY

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 the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading provider in the PRC of one-stop total plastics solutions primarily engaged in (i) the design and fabrication of plastic injection molds and (ii) the mechanical design and manufacturing of plastic components employing the plastic injection molds we fabricate. According to Ipsos, an independent market research company, we ranked second in the PRC in terms of revenue from fabricating plastic injection molds in 2012.

We fabricate plastic injections molds, which are complex structures composed of metal components and are necessary in the manufacturing of plastic components utilising the plastic injection molding process. Such molds must be specifically engineered and fabricated with cavities to shape the plastic components to be manufactured in accordance with the desired design, features and specifications. We have the technical capabilities to fabricate molds that meet the MT1 precision level as defined by the “National Standard of the People’s Republic of China GB/T14486-2008—Dimensional Tolerances for Moulded Plastic Parts” (《中華人民共和國國家標準GB/T14486-2008—塑料模塑件尺寸公差》), which is the highest precision level in the aforementioned guidelines.

We also manufacture plastic components of various products by utilising the plastic injection molding process. According to the Ipsos Report, plastic injection molding is the most commonly used process to mass produce plastic components. It is a process whereby plastic resin is fed into a heated barrel and forced into a mold cavity where it cools and hardens to the configuration of the mold cavity. We also manufacture plastic components by employing special decorative molding processes, including in-mold labelling, double-shot injection molding and rapid heat cycle molding, which are modifications to the typical plastic injection molding process for the purposes of achieving certain desired visual and quality effects.

The table below sets out a breakdown of our total revenue by business segments for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2010		2011		2012		2012		2013	
	(unaudited)									
	HK\$'000	(% of revenue)	HK\$'000	(% of revenue)	HK\$'000	(% of revenue)	HK\$'000	(% of revenue)	HK\$'000	(% of revenue)
Mold fabrication	261,264	48.7	378,286	48.4	356,245	32.5	149,277	31.9	174,947	37.2
Plastic components manufacturing	274,840	51.3	403,464	51.6	739,740	67.5	319,196	68.1	295,678	62.8
Total	536,104	100.0	781,750	100.0	1,095,985	100.0	468,473	100.0	470,625	100.0

SUMMARY

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- (i) established and growing customer base consisting of industry leaders from various industries;
- (ii) advanced technical expertise in the design and fabrication of plastic injection molds, enabling us to rank second in the PRC in terms of revenue from fabricating plastic injection molds in 2012;
- (iii) a vertically integrated one-stop total plastics solutions platform; and
- (iv) strong management team led by our founders and chief executive officer who each have 25 or more years of industry experience.

OUR STRATEGIES

Our vision is to become a leading provider of one-stop total plastics solutions globally. We believe that we can achieve the aforesaid objective by pursuing the following strategies:

- (i) continue to expand our customer base by focusing on strategically targeted downstream industries and leading companies in such industries;
- (ii) continue to make capital investments to enhance our capabilities as well as to expand our geographic coverage to support the further growth of our business;
- (iii) expand our sales network globally;
- (iv) engage in strategic acquisition of other mold fabricators to complement our business model; and
- (v) expand our research and development efforts and capabilities.

PRODUCTS AND SERVICES

As a core part of our business strategy, we provide one-stop total plastics solutions, which include plastic components mechanical design, mold design, mold fabrication, plastic components manufacturing and secondary processing services. Particularly, as a key component of our one-stop total plastics solutions, we offer pre-sale design, feasibility and optimisation advice with respect to both molds and plastic components during our customers' product design processes, which is a value-added service for which we do not charge a separate fee. We seek to differentiate ourselves by taking a proactive role at the early stage of our customers' product design and development cycles, particularly for new product lines of our customers.

Plastic Injection Molds

We specialise in designing and fabricating plastic injection molds, which may be further categorised into performance molds and standard molds. Performance molds are generally employed to mass produce identical plastic components that are relatively small-sized and have relatively short production cycles. Our performance molds are employed to manufacture plastic components of various products, including consumer electronic products such as USB drives and

SUMMARY

smartphones accessories, and medical products such as disposable syringes. Standard molds are generally employed to manufacture plastic components that are relatively complex, larger in size and have relatively longer production cycles. Our standard molds are utilised in connection with the manufacturing of plastic components of various products including automotive parts such as door panels, glove boxes and grills, commercial telecommunication equipment such as teleconference phone terminals, and household electrical appliances such as washing machines and refrigerators.

Plastic Components

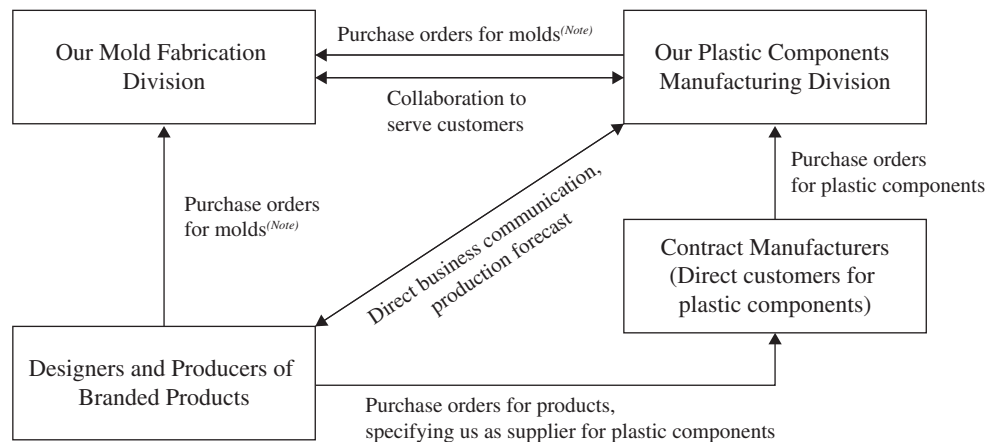
We manufacture plastic components utilising the plastic injection molding process. We have broadly classified our plastic components manufacturing products into three subcategories in accordance with the characteristics of the molds utilised as well as the plastic injection molding process involved—plastic components manufactured by employing performance molds, plastic components manufactured by employing standard molds, and plastic components manufactured by special decorative molding processes.

Our performance molding products include plastic components of consumer electronic products such as USB drives and smartphones, and are generally manufactured by employing the performance molds that we have fabricated. Our plastic components manufactured by standard molding include components of special gaming machines such as pachinko machines and commercial telecommunication equipment such as teleconference phone terminals, and are generally manufactured by employing the standard molds that we have fabricated. We employ special decorative molding processes as necessary to suit product specifications.

CUSTOMERS

We sell our products and provide our manufacturing services to a large, diverse customer base from various industries such as commercial telecommunication equipment, automotive, household electrical appliances, video game devices, digital devices, mobile phone, pachinko and medical devices. We have been able to establish our current market position by strategically building long-term relationships with a diverse range of internationally-recognised, industry-leading manufacturers such as ABB, Electrolux, Whirlpool, Promens, Polycom and one of the leading flash memory product companies.

The following diagram illustrates a typical business arrangement with our customers:



Note: Depending on the specific business arrangement, purchase orders for molds may be (i) placed with our plastic components manufacturing division, pursuant to which we would generate an internal sales order from our plastic components manufacturing division to our mold fabrication division or (ii) placed directly with our mold fabrication division. In a few cases, molds have been provided by customers or other third parties engaged by such customers.

SUMMARY

We fabricate molds for (i) manufacturers in various downstream industries that only engage us for mold fabrication, and (ii) producers and designers of branded products, and their contract manufacturers.

The customers of our plastic components manufacturing services include contract manufacturers of producers and designers of branded products. These contract manufacturers use the plastic components we supply in their respective downstream manufacturing operations.

We have business relationships with various designers and producers of branded products, to whom we provide our one-stop total plastics solutions. Many of such designers and producers of branded products would directly place orders with us for molds specifically fabricated for use in the manufacturing of the relevant plastic components. However, we generally would receive purchase orders for plastic components from the contract manufacturers of such designers and producers of branded products. We then generally manufacture plastic components employing the molds we have fabricated.

Sales and Marketing

As at 30 June 2013, we had 89 employees primarily engaged in sales and marketing activities. Our sales and marketing efforts are led by our project managers and customer solutions teams in the respective marketing departments of our two business divisions, supported by our third-party contract sales representatives.

During the Track Record Period, we engaged third-party contract sales representatives responsible for the Germany, Great Britain, Japan and United States markets or specific customers brought in by the relevant third-party contract sales representatives in order to develop new customers as well as to facilitate on-the-ground communications with our existing customers. Revenue attributable to customers brought in by such third-party contract sales representatives accounted for an increasingly higher proportion of our revenue during the Track Record Period and constituted over 35.0% of our revenue for 2012. Please refer to the section headed “Business—Customers, Sales and Marketing—Sales and Marketing—Third-Party Contract Sales Representatives” in this prospectus for further details.

PROCUREMENT

The principal raw materials for our mold fabrication operations include mold base, steel, copper, hot runners and certain less complicated or standardised mold subparts. The principal raw materials for our plastic components manufacturing include plastic resins, metal parts and spray-paint.

Please refer to the section headed “Business—Procurement” in this prospectus for further details.

PRODUCTION FACILITIES

We currently have four production bases, three of which are located in Shenzhen, Guangdong Province, the PRC, and one in Suzhou, Jiangsu Province, the PRC. Please refer to the section headed “Business—Production Facilities” in this prospectus for further details.

SUMMARY

The land use rights of the Shenzhen Tangjia Land, on which the Shenzhen Tangjia Plants are located, were acquired by TK Technology (Shenzhen) with certain restriction on the leasing of such land. If we were forced to relocate, our business operations may be interrupted or otherwise be materially and adversely affected. Furthermore, the landlord of the Shenzhen Yulu Plant A does not have the property ownership certificate of the Shenzhen Yulu Plant A. As a result, as advised by our PRC legal advisers, the relevant lease is invalid under PRC laws and regulations, in which case we may be forced to relocate, which could interrupt our business operations. In the event that we are forced to relocate from the Shenzhen Tangjia Plants and the Shenzhen Yulu Plant A, the estimated total relocation costs amounted to approximately RMB45.8 million (equivalent to approximately HK\$57.8 million). For illustrative purposes, in case we are forced to cease our operations in both the Shenzhen Tangjia Plants and the Shenzhen Yulu Plant A and assuming both production bases are fully utilised at the time of such occurrence, we estimate that the maximum loss of production time is 16 weeks. Based on the revenue of the relevant business units having operations in the two production bases in 2012, we expect that the loss of the production time of 16 weeks would represent a loss of revenue of approximately HK\$277.0 million on a *pro rata* basis. Please refer to the section headed “Business—Properties—Plans to Resolve Risks Related to Certain of Our Leased Properties” for further details.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option), (i) Eastern Mix will hold approximately 51.0% of our Company’s issued share capital and control the exercise of the voting rights attached to such shareholding. As Eastern Mix is held as to 45.0%, 28.0% and 27.0% by Mr. Li, Mr. Yung and Mr. Lee, respectively, Mr. Li is deemed to be interested in the Shares held by Eastern Mix for the purpose of Part XV of the SFO; and (ii) Lead Smart will hold approximately 10.8% of our Company’s issued share capital and it is wholly-owned by Mr. Li, Mr. Li will be in aggregate beneficially interested in 61.8% of our Company and as such, each of Eastern Mix, Lead Smart and Mr. Li will be regarded as a Controlling Shareholder after the Listing. Each of Eastern Mix and Lead Smart is an investment holding company.

Our Directors and their respective associates did not have 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. In addition, the Controlling Shareholders have entered into a Deed of Non-Competition with us to the effect that, among other things, each of them will not, and will procure each of their respective associates not to, directly or indirectly carry on, participate or be interested or engaged in or acquire or hold any business which is or may be in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time. Please refer to the section headed “Relationship with Our Controlling Shareholders” in this prospectus for more details.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The table below sets forth selected information from our consolidated income statement data for the years/periods indicated:

Summary Consolidated Income Statement Data

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
Revenue (HK\$'000)	536,104	781,750	1,095,985	468,473	470,625
Gross profit (HK\$'000)	159,335	279,948	371,698	125,085	137,349
Gross profit margin	29.7%	35.8%	33.9%	26.7%	29.2%
Profit for the year/period attributable to owners of the Company (HK\$'000)	44,973	84,488	135,193	33,400	38,816

SUMMARY

Our revenue increased from HK\$536.1 million for 2010 to HK\$781.8 million for 2011 and further increased to HK\$1,096.0 million for 2012 primarily due to (i) an increase in mold fabrication revenue in 2011; and (ii) an increase in plastic components manufacturing in 2011 and 2012. The fluctuations of our gross profit margin during the Track Record Period were mainly due to changes in demand from our customers in various downstream industries. Our profit attributable to owners of the Company increased from 2010 to 2012, primarily as a result of the increase in the gross profit over the period.

Our gross profit margin increased for the six months ended 30 June 2013 as compared to the six months ended 30 June 2012 primarily due to a shift of our product mix to products with higher gross profit margin for the six months ended 30 June 2013. During the Track Record Period, we primarily delivered our products to the PRC, South East Asia (including Hong Kong), Europe, USA and Japan. Please refer the section headed “Financial Information—Description of Selected Components of Consolidated Income Statements—Revenue” for further details.

Summary Consolidated Balance Sheets Data

The table below sets forth selected information from our consolidated balance sheets as at the dates indicated:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	187,883	209,761	295,713	173,008
Current assets	350,929	560,011	655,164	677,394
Non-current liabilities	56,921	62,562	69,837	5,294
Current liabilities	346,029	509,432	604,671	649,409
Net current assets	4,900	50,579	50,493	27,985
Total equity	135,862	197,778	276,369	195,699

Summary Consolidated Cash Flows Statements Data

The table below sets out selected cash flow data from our consolidated cash flow statements for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	46,193	196,065	221,665	34,210	44,117
Net cash used in investing activities	(136,059)	(163,343)	(146,828)	(102,568)	(46,989)
Net cash generated from/(used in) financing activities	43,731	12,281	(60,444)	89,478	(2,267)

SUMMARY

Key Financial Ratios

The following table sets out our key financial ratios as at the dates and for the periods indicated:

	As at and for the year ended 31 December			As at and for the six months ended 30 June
	2010	2011	2012	2013
	(%)	(%)	(%)	(%)
Current ratio ⁽¹⁾	101.4	109.9	108.4	104.3
Quick ratio ⁽²⁾	67.4	91.6	83.5	73.6
Gearing ratio ⁽³⁾	92.0	124.4	77.5	3.9
Net debt to equity ratio ⁽⁴⁾	66.8	84.1	43.5	N/A
Return on equity ratio ⁽⁵⁾	33.1	42.7	48.9	19.8
Return on asset ratio ⁽⁶⁾	8.3	11.0	14.2	4.6

- (1) Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.
- (2) Quick ratio is calculated by dividing current assets less inventory by current liabilities and multiplying the resulting value by 100%.
- (3) Gearing ratio is calculated by dividing total loan by total equity and multiplying the resulting value by 100%.
- (4) Net debt to equity ratio is calculated by dividing net debt by total equity and multiplying the resulting value by 100%.
- (5) Return on equity ratio is calculated by dividing profit after tax by total equity and multiplying the resulting value by 100%.
- (6) Return on asset ratio is calculated by dividing profit after tax by total assets and multiplying the resulting value by 100%.

Our gearing ratio as at 31 December 2010, 2011 and 2012 and 30 June 2013 was 92.0%, 124.4%, 77.5% and 3.9%, respectively. Our gearing ratio changes as our borrowing needs changed from 2010 to 2012, and dropped to 3.9% as at 30 June 2013 as substantial borrowings were attached to our Old Group Companies which were deemed disposed to our Ultimate Shareholders as a result of the Reorganisation.

Our net debt to equity ratio increased from 66.8% as at 31 December 2010 to 84.1% as at 31 December 2011, primarily due to the increase in loans to finance our operations, while the decrease in our net debt to equity ratio to 43.5% as at 31 December 2012 was mainly because of the net repayment of loans using net cash generated from our operations and an increase in our cash level. We did not have a net debt to equity ratio as at 30 June 2013 as we were in net cash position as at 30 June 2013 as substantially all of our previous bank loans were attached to our Old Group Companies and such bank loans were deemed disposed as a result of the Reorganisation.

Our return on equity ratio decreased to 19.8% and our return on asset ratio decreased to 4.6% as at 30 June 2013 because of the seasonality of our sales.

SUMMARY

RECENT DEVELOPMENTS

During the Track Record Period, listing expenses of HK\$13.0 million was recognised by our Group as expenses. We expect that an additional approximately HK\$7.4 million of listing expenses will be recognised by our Group as expenses for the second half of 2013. Such listing expenses are non-recurring in nature. Had the non-recurring expenses not been incurred, we expect our profit for the year for 2013 to be largely in line with that of our profit for the year for 2012. In addition, we expect our overall gross profit margin for 2013 to be largely in line with that for the six months ended 30 June 2013.

Our Directors confirm that (i) our business model, revenue and cost structure and our overall profitability remained stable and (ii) there had been no material adverse change in the financial or trading position or prospects of our Group, since 30 June 2013 and up to the date of this prospectus.

Since 30 June 2013 and up to 31 October 2013, five loan facilities were granted to us by China Merchants Securities Investment Management (HK) Co. Ltd. and four other financial institutions, in the aggregate amount of up to HK\$50.0 million, HK\$50.0 million, HK\$30.0 million, HK\$25.0 million and HK\$17.0 million, respectively. Since 30 June 2013 and up to 31 October 2013, the outstanding balance of our borrowings increased by HK\$95.9 million, and as at 31 October 2013 our Group had undrawn loan facilities amounting to HK\$75.0 million. Please refer to the section headed “Financial Information—Indebtedness—Borrowings” for further information regarding our debt facilities. On 22 October 2013, our Group declared dividends of HK\$9.3 million. On 30 October 2013, our Group declared dividends of HK\$60.0 million. On 5 November 2013, our Group further declared dividends of HK\$80.0 million. Since 1 November 2013 and up to the Latest Practicable Date, loan facilities of HK\$45.0 million, HK\$25.0 million and RMB\$40.0 million, respectively, were granted to us by three financial institutions, and we had drawn down on RMB\$7.0 million of one of such loan facilities.

DIVIDEND POLICY

We may declare dividends in the future after taking into account our results of operations, cash flows, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant, as well as statutory and regulatory restrictions on our ability to make dividend payments and any other factors that we may consider relevant. For 2010, 2011 and 2012 and the six months ended 30 June 2013, our Group declared and paid dividends of HK\$37.3 million, HK\$30.8 million, HK\$55.0 million and HK\$77.2 million, respectively. For the period subsequent to 30 June 2013 and up to the Latest Practicable Date, our Group declared dividends of HK\$149.3 million, and such dividends declared will be fully settled before Listing, partly with funds from the debt facilities stated above and partly with internal financial resources. After the Listing, declaring of dividends will be subject to the recommendation of our Board after considering the above factors. Subject to the factors described above, starting from 2014 and in the foreseeable future, our Board intends to recommend dividends of no less than 30% of our net profit available for distribution to the Shareholders in a financial year.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that the Over-allotment Option is not exercised:

	<u>Based on an Offer Price of HK\$1.10</u>	<u>Based on an Offer Price of HK\$1.40</u>
Market capitalisation of the Company	HK\$880 million	HK\$1,120 million
Unaudited pro forma adjusted net tangible asset value per Share (<i>Note</i>)	HK\$0.50	HK\$0.57

Note: The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and based on the 800,000,000 Shares expected to be in issue immediately following the completion of the Global Offering has not been adjusted for dividends of HK\$149,341,000 declared and paid by our Group subsequent to 30 June 2013. Had the dividends been taken into account the unaudited pro forma adjusted net tangible asset per Share would have been reduced to HK\$0.31 and HK\$0.38 based on the Offer Price of HK\$1.10 per Share and HK\$1.40 per Share respectively.

SUMMARY

USE OF PROCEEDS

We estimate that the net proceeds to our Company from the Global Offering, after deducting the underwriting commissions and estimated expenses in relation to the Global Offering payable by us, will be approximately HK\$233.2 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$1.25 per Share, being the midpoint of the Offer Price range set out in this prospectus. We intend to use the net proceeds for the following purposes:

- approximately HK\$167.9 million, or approximately 72% of the net proceeds will be used for capacity expansion and related investments to capture the potential growth in our business in the future, including:
 - i. approximately HK\$45.2 million for establishing a new business unit specialising in ultra-large standard molds;
 - ii. approximately HK\$32.3 million for purchasing advanced mold fabrication equipment;
 - iii. approximately HK\$51.7 million for purchasing equipment and capital investments related to our plastic components manufacturing division in Shenzhen; and
 - iv. approximately HK\$38.7 million for purchasing equipment and capital investments in relation to expanding our operations in Suzhou;
- approximately HK\$25.7 million, or approximately 11% of the net proceeds will be used for strategic acquisitions of other mold fabricators. Our Directors confirm that we had not identified a suitable target for such an acquisition as at the Latest Practicable Date;
- approximately HK\$18.7 million, or approximately 8% of the net proceeds will be used for research and development; and
- approximately HK\$20.9 million, or approximately 9% of the net proceeds will be used for working capital and other general corporate purposes.

To the extent the net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a *pro rata* basis.

LISTING EXPENSES

Total expenses expected to be incurred in relation to the Listing (including underwriting commission) are approximately HK\$36.3 million based on the midpoint of the Offer Price range. During the Track Record Period, listing expenses of HK\$13.0 million was recognised by our Group as expenses and HK\$6.4 million was capitalised as capital reserve. It is estimated that based on the midpoint of the Offer Price range set out in this prospectus, listing expenses in the sum of approximately HK\$3.2 million will be capitalised after the Listing, HK\$6.3 million will be set off against the share premium account and the remaining listing expenses in the sum of approximately HK\$7.4 million will be recognised as expenses for 2013.

SUMMARY

NON-COMPLIANCE MATTERS

During the Track Record Period, we had some incidents of historical non-compliance with applicable regulations including non-compliance with respect to (i) social insurance and housing provident fund regulations; (ii) procedure for the prevention and control of occupational diseases and hazards for construction projects; (iii) filing requirement regarding the construction completion and final acceptance of safety facilities; (iv) approval requirement from the land bureau in relation to the leasing of property designated for high-technology project purpose; (v) environmental impact assessment approval procedure; and (vi) filing procedures for construction completion and final acceptance. Our Directors are of the view that such incidents of non-compliance, whether individually or collectively, have not and will not have a material adverse effect on our business, results of operations and financial condition. Please refer to the section headed “Business—Legal Proceedings and Regulatory Compliance” for further details.

RISK FACTORS

There are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering.

Our most significant risk factors include:

- a significant portion of our recent revenue growth during the Track Record Period was attributable to orders from new customers with whom we have not had a long history of business relationships, and any decrease or termination in our sales to any one of them may have a material adverse effect on our business, results of operations and financial condition;
- we derive a significant portion of our revenue from a limited number of customers, and any decrease or termination in our sales to any one of them may have a material adverse effect on our business, results of operations and financial condition; and
- we do not maintain long-term purchase contracts with our customers, and any disruption or termination of our business relationships with our major customers or fluctuations in their demand for our products may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our risk factors are further described in the section headed “Risk Factors” in this prospectus.