This summary aims to give you an overview of the information contained in this Prospectus. Because 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 Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section entitled "Risk Factors." You should read that section carefully before you decide to invest in the Shares.

Overview

We are a manufacturer of land drilling rigs and rig parts and components. In addition, we offer drilling-related training and after-sales support services to our customers. For the three years ended December 31, 2004, 2005 and 2006, and the eight months ended August 31, 2007, our revenue amounted to RMB539.3 million, RMB501.6 million, RMB2,335.9 million and RMB1,518.6 million, respectively, while our profit attributable to equity shareholders of the Company amounted to RMB32.2 million, RMB18.5 million, RMB412.8 million and RMB201.1 million, respectively.

We were the second largest land rig manufacturer in the world and the largest in China in terms of revenue and production volume in 2006, according to the Independent Technical Report contained in Appendix V of this Prospectus. We design, manufacture and sell drilling rigs for use in the exploration and extraction of oil and gas from reservoirs located in a variety of geological formations and environments and at considerable depths.

In addition to drilling rigs, we manufacture rig parts and components for our own use in the production of our own rigs, as well as for external sales. Our external rig parts and components sales consist primarily of mud pumps. Mud pumps are used to circulate drilling fluid through a rig's circulation system. We also produce and sell, among other things, masts, substructures, drawworks, VFD drive systems and solids control systems. For a detailed description of this equipment, please refer to the section entitled "Glossary of Technical Terms" in this Prospectus. We also produce and sell rig parts and components in the form of offshore drilling modules for offshore platforms. Sales of rig parts and components accounted for approximately 13.1%, 13.5%, 12.8% and 17.5% of our revenue for the three years ended December 31, 2004, 2005 and 2006, and the eight months ended August 31, 2007, respectively.

We procure raw materials (e.g., steel) and certain rig parts and components (e.g., diesel engines and AC variable-frequency motors) which we do not produce ourselves, from external suppliers. We currently source almost all the raw and processed steel we need from five domestic suppliers based in Chongqing and Chengdu. We typically source rig parts and components that we do not produce ourselves through local distributors for manufacturers located in the United States, Finland and Germany.

A substantial portion of our revenue is generated from exports. Our leading exported rigs are digitally-controlled land rigs, which are priced higher than our conventional land rigs. Our main customers in the overseas market are major multinational oil and gas drilling companies and contractors such as Nabors Group. For the three years ended December 31, 2004, 2005 and 2006, and the eight months ended August 31, 2007, revenue from exports amounted to approximately RMB15.0 million, RMB158.1 million, RMB1,949.8 million and RMB829.9 million, respectively, accounting for approximately 2.8%, 31.5%, 83.5% and 54.6%, respectively, of our total revenue.

We have established a diversified global marketing network, with sales offices in North America, the Middle East and Africa, and have developed partnerships with local distributors in other regions such as Russia and Asia. There has been a growing international demand for our rigs from the emerging markets in Russia, the Middle East, Africa and Latin America. In an effort to meet demand from these markets, we have begun to assemble rigs in the USA and Egypt, and plan to manufacture certain rig parts and components in Egypt.

The Chinese market has been an important and stable source of demand for our rigs over the three years ended December 31, 2006 and the eight months ended August 31, 2007. Most of our customers in China are drilling companies owned by large Chinese oil and gas companies with whom we have established long-term and stable relationships. Some notable examples of these customers are: the Material and Equipment Department of China Petroleum & Chemical Corporation, the Changqing Petroleum Administration Bureau, the Material Company of the Sichuan Petroleum Administration Bureau, and the China Petroleum Technology & Development Corporation, all of which are subsidiaries of CNPC or Sinopec. For the three years ended December 31, 2004, 2005 and 2006, and the eight months ended August 31, 2007, we sold 31, 28, 32 and 31 rigs, respectively, in the Chinese market.

Competitive Strengths

We believe the following to be our key competitive strengths:

- We offer a large and diversified range of drilling equipment, together with support services;
- We are a low-cost manufacturer of high-performance, quality land rigs;
- We have an established global marketing network;
- We have advanced technological and engineering expertise and a track record of developing successful new technologies; and
- We have an experienced and dedicated management team.

Business Strategies

We aim to further strengthen our leadership position in the global land rig market and to expand into the offshore drilling rig market by pursuing the following business strategies:

- Increase our production capacity;
- Expand our global marketing platform to increase sales;
- Further improve the technology and innovation of our product lines;
- Enter into the offshore drilling rig manufacturing market; and
- Expand our business through acquisitions, joint ventures or business alliances.

Risk Factors

We consider that there are certain risks involved in our business and operations and in connection with the Global Offering. Such risks can be categorized into (i) risks relating to our business; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering. These risks are set out in the section entitled “Risk Factors”, the headings of which are as follows.

Risks Relating to Our Business

- Demand for our products is directly and indirectly affected by trends in oil and gas prices.
- Our customers operate in a volatile industry, and their demand for our products may be affected by factors unrelated to movements in oil and gas prices.
- Fluctuations in raw material prices may adversely affect our business.
- We depend on third parties to deliver certain raw materials, components and services that meet our quality standards in a timely manner to manufacture our products.
- We rely on a limited number of customers.
- We were involved in an arbitration proceeding with Nabors International, a major customer and current shareholder of our Company.
- Our dispute with 64 individuals may materially and adversely affect our business and financial condition.
- We face risks in maintaining and expanding our business overseas, including but not limited to, differences in legal and regulatory requirements, currency exchange rates, economic sanctions and changes in political and economic conditions, all of which could materially and adversely affect our business.
- We may encounter unexpected difficulties in implementing our strategy for future growth.
- We may experience difficulties in integrating our acquisitions, and there are inherent risks associated with our acquisitions policy.
- There is no assurance that our new products will achieve market acceptance by our customers.
- Our interests may conflict with those of the Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our public shareholders' best interests.
- If we lose one or more of our key personnel without obtaining adequate replacements in a timely manner or if we are unable to retain and recruit skilled personnel, then our operations could be disrupted and the growth of our business could be delayed or restricted.
- Loss of or failure to renew the API Monogram or other licenses certifying that our products meet benchmark quality standards could materially and adversely affect our business.
- We may rely on independent third-party distributors to obtain the relevant licenses and/or certifications required to distribute our products within other jurisdictions.
- We may not be able to enforce our own intellectual property rights or may be subject to claims from third parties for infringement of their intellectual property rights.
- Our business and reputation may be affected by product liability claims, litigation, complaints or adverse publicity in relation to our products.

- The manufacturing processes for our products are complex and potentially hazardous, and we may not maintain sufficient insurance coverage for the risks associated with the operations of our business.

- Our historical dividends may not be indicative of our future dividends.

- Any change in the preferential tax treatment we currently enjoy in the PRC may have an adverse impact on our results of operations.

- We may be unable to renew our membership with the China Petroleum Exploration and Development Supply Network and the List of Sinopec Suppliers.

- We may be unable to obtain adequate financing to fund our capital requirements.

- Any amendment to or failure to comply with environmental protection laws, promulgated by the PRC or other jurisdictions, to which we or our products are subject, could create a substantial financial burden on the Company.

- The industry in which we operate is competitive, and a further increase in competition or productivity by our competitors may affect our market share and profit margins.

- Our operations are vulnerable to significant operating hazards, natural disasters and other circumstances, which are beyond our control and for which we have limited or no insurance.

- If our joint venture partners act contrary to our interests, our business may be materially and adversely affected.

- We have not obtained land use right certificates to some of the properties we occupy.

- We may incur significant costs in relation to warranties offered to our domestic PRC customers.

Risks Relating to the PRC

- Adverse changes in China's economic, political, and social conditions, as well as governmental policies could have a material adverse effect on China's overall economic growth, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

- Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may adversely affect the financial condition and results of operations of our Company and our ability to pay dividends.

- Our operations are subject to the uncertainties of the PRC legal system.

- The payment of dividends by our operating subsidiaries in China is subject to restrictions under PRC law.

- It may be difficult to serve process within the PRC or to enforce any judgments obtained from non-PRC courts against us or our Directors.

- An occurrence of a widespread public health problem, such as SARS or avian influenza, could have a material adverse effect on our results of operations.

- Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy, our business and prospects.

Risks Relating to the Global Offering

- There has been no prior public market for our Shares.

- Our Share price may be highly volatile, which may result in substantial losses for investors purchasing Shares in the Global Offering.

- You may experience difficulties in enforcing your shareholder rights because we are incorporated under Cayman Islands law, which may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions.

- Future sales or a major divestment of Shares by any major shareholder could adversely affect our Share price.

- Purchasers of Offer Shares will incur an immediate and substantial dilution as a result of the Global Offering.

- We cannot guarantee the accuracy of the facts and statistics in this Prospectus relating to the Chinese economy or to the global industry in which we operate.

Dispute with 64 individuals

We are engaged in a dispute with 64 individuals claiming to be shareholders of Honghua Company. Of the 64 individuals in question, 57 of them joined as plaintiffs in a formal legal claim instituted against Honghua Company and others, by way of a writ and statement of claim filed at the Intermediate People's Court of Chengdu City, Sichuan Province, on December 11, 2007. On December 12, 2007, the Company received notification of the above formal legal proceedings initiated by these 57 individuals. Nothing further has been heard from the seven remaining individuals. Honghua Company, Asia Harbour and 14 individuals were named as defendants in the above legal proceedings, with Honghua Company as the first defendant, Asia Harbour as the second defendant and the 14 individuals, namely Shi Shuming (third defendant), Huang Dequan (fourth defendant), Li Yan (fifth defendant), Wang Yaoxin (sixth defendant), Zhou Tao (seventh defendant), Wang Wei (eighth defendant), Chen Zhenghua (ninth defendant), Yang Xuefeng (tenth defendant), Yang Yuanchun (eleventh defendant), Ni Xiurong (twelfth defendant), Yu Zhenghua (thirteenth defendant), Xing Manrong (fourteenth defendant), Zhi Rongmu (fifteenth defendant) and Liu Chuanjun (sixteenth defendant), as the remaining defendants. The third to thirteenth defendants were the 11 registered representatives at the time of the repurchase, and the fourteenth to sixteenth defendants were the three former registered representatives.

When Honghua Company was established on December 31, 1997, Oil Drilling Plant held approximately 11.075% of Honghua Company's equity interest. 841 employees of Oil Drilling Plant invested an aggregate of RMB300,000 in Honghua Company. Fu Chonglin acted as representative of these 841 employees and was registered as a shareholder with the competent Administration of Industry and Commerce of Honghua Company, holding approximately 37.5% of Honghua Company.

In June 2000, the labour union of Oil Drilling Plant (鑽采設備製造廠工會) organized an election for employees to elect individuals to represent them as shareholders of Honghua Company. 11 representatives were elected by the employees as their representatives in Honghua Company. On September 16, 2000, Fu Chonglin transferred all of his equity interest in Honghua Company to these 11 representatives, and the 11 representatives were registered as shareholders of Honghua Company. The management of Honghua Company was responsible for the registration of these 11 representatives as the registered shareholders with the competent authority.

Between 1997 and 2005, the number of investing employees decreased while the aggregate value of their investments increased through various transfers and acquisitions. As of December 31, 2005, 728 employees of Oil Drilling Plant had, through 11 representatives, invested an aggregate of RMB7,066,615 in Honghua Company. Each of the 728 employees was issued with an "investment certificate" (出資證明) from Honghua Company to evidence his or her investment. The 11 representatives were elected to represent these 728 employees of Oil Drilling Plant to enable these employees, as investors of Honghua Company, to comply with the requirements of the PRC Company Law, which restricts the number of shareholders of a limited company to no more than 50. As advised by our PRC legal advisor, King & Wood, the entrustment arrangement entered into between the 728 employees and 11 registered shareholders was made in good faith, and was legal and valid under PRC laws and regulations.

On January 7, 2006, the shareholders of Honghua Company passed a resolution to reduce its registered capital and to buy-out the equity interest of these 11 registered shareholders. Honghua Company entered into an equity repurchase agreement with these 11 registered shareholders on January 12, 2006, under which, with the written consent of the 11 registered shareholders, Honghua Company repurchased the equity interests of the 11 representatives and paid the equity repurchase price directly to the 728 employees. As of the Latest Practicable Date, 664 of the 728 employees had agreed to the buy-out arrangement and accepted payment from Honghua Company. The remaining 64 employees, who had invested an aggregate of RMB651,385 in Honghua Company, claim that they are still shareholders and refused to accept the buy-out arrangement and payment from Honghua Company.

On December 11, 2007, 57 of the 64 employees filed a writ and statement of claim at the Intermediate People's Court of Chengdu City, Sichuan Province. On December 12, 2007 the Company received notification of these formal legal proceedings.

In the statement of claim filed by the 57 of these 64 employees, the relief sought by them included:

(1) an adjudication by the court that the 592,250 shares held by the third to sixteenth defendants (the 11 representatives and three former representatives) were actually owned by the 57 plaintiffs, and all the benefits and rights in such equity interest be restored to the 57 plaintiffs and the names of the 57 plaintiffs be entered into the register of members of Honghua Company;

(2) an adjudication by the court that Honghua Company be ordered to pay to the 57 plaintiffs a total sum of RMB296,125, being the 2003 dividends;

(3) an adjudication that the repurchase of the 592,250 shares of Honghua Company by Honghua Company be declared null and void;

(4) an adjudication that Asia Harbour be jointly and severally liable for the above mentioned relief sought by the 57 plaintiffs and the consequential liabilities thereof, and that Asia Harbour together with Honghua Company be ordered to apply to the competent Administration of Industry and Commerce to register the 57 plaintiffs as shareholders of Honghua Company; and

(5) an adjudication that all the defendants be jointly liable for the legal costs arising from these legal proceedings.

We have been advised by King & Wood, that the current statement of claim seeks all the possible forms of relief available under PRC law. Assuming that the Intermediate People's Court of Chengdu City grants a judgment in favor of the 57 plaintiffs by restoring their shareholding in Honghua Company, then the maximum amount of Honghua Company equity to be awarded would amount to 0.9%, taking into account Honghua Company's capital increase to RMB72.0 million at the time it was acquired by Asia Harbour on August 24, 2006, and assuming the 64 employees' aggregate investment of RMB651,385 remained unchanged. In the event the court orders that the plaintiffs' shares in Honghua Company be reinstated, the shares in Honghua Company would be restored to the 57 plaintiffs by either Honghua Company issuing new shares to the 57 plaintiffs or Asia

Harbour transferring existing shares in Honghua Company to the 57 plaintiffs. In any event, any damages arising out of these legal proceedings are subject to indemnity under a deed of indemnity in respect of dispute and risk dated February 15, 2008, executed by Ally Giant, Ample Chance, Wealth Afflux Limited, Mowbray Worldwide Limited, Ecotech Enterprises Corporation, Otama Company Limited, Vast & Fast Corporation, Cavendish Global Corporation, Airtech Investments Limited, Ally Smooth, Charm Moral, Beauty Clear, Brondesbury Enterprises Limited, Oriental Starz Limited, Tech Express Enterprises Inc, Dobson Global Inc, Darius Enterprises Limited, Believe Power, Benefit Way, Birdview and the Existing Shareholders of the Company in favor of the Group as further described below. Further, the shareholding of the Company would not be directly affected even if the claims for equity were successful, as the plaintiffs are seeking to be registered as shareholders of Honghua Company, an indirectly-wholly owned subsidiary of the Company.

According to King & Wood, since (i) only the 11 registered representatives, rather than the 728 employees, were recognized as shareholders of Honghua Company pursuant to the applicable PRC laws, and (ii) the legal procedures regarding the buy-out arrangement complied with relevant PRC laws, any claim made by the 57 plaintiffs or any employees represented by the 11 representatives, arguing that they were shareholders of Honghua Company, is without legal basis under PRC law, and no such claim would affect the existing or future shareholding structure of Honghua Company.

Nothing further has been heard from the seven remaining individuals and, as at the Latest Practicable Date, there have been no further developments in the formal legal proceedings initiated by the 57 out of the 64 investors.

Ally Giant, Ample Chance, Wealth Afflux Limited, Mowbray Worldwide Limited, Ecotech Enterprises Corporation, Otama Company Limited, Vast & Fast Corporation, Cavendish Global Corporation, Airtech Investments Limited, Ally Smooth, Charm Moral, Beauty Clear, Brondesbury Enterprises Limited, Oriental Starz Limited, Tech Express Enterprises Inc, Dobson Global Inc, Darius Enterprises Limited, Believe Power, Benefit Way, Birdview, and the Existing Shareholders of the Company have executed a deed of indemnity in respect of dispute and risk dated February 15, 2008, in favor of the Group, under which they agree to jointly and severally indemnify any members of the Group for any damages that the Company may suffer as a result of this dispute and the legal proceedings initiated by the 57 plaintiffs. Whatever the outcome of the said legal proceedings, any loss suffered by the Company as a result of the said legal proceedings will be covered by the indemnity.

Please refer to the section entitled "Our Business — Legal Proceedings — Dispute with 64 natural persons," in this Prospectus for details of this dispute.

Geographical breakdown of rig sales

The following table contains a geographical breakdown of our rig sales and our total rig sales value, for the periods indicated.

	For the three years ended December 31,			For the eight months ended August 31,	Rigs delivered before December 31,		Rigs contracted to be delivered after December 31,		For the three years ended December 31,						For the eight months ended August 31,	
	2004	2005	2006	2007	2007		2007		2004		2005		2006		2007	
Regions	Number of rigs sold	Number of rigs sold	Number of rigs sold	Number of rigs sold	Numbers of rigs	% of total rig	Number of rigs	% of total rig	Revenue generated	% of total rig sales	Revenue generated	% of total rig sales	Revenue generated	% of total rig sales	Revenue generated	% of total rig sales
									RMB'000		RMB'000		RMB'000		RMB'000	
China	31	28	32	31	48	53.9%	10	20.4%	455,617	97.2%	306,472	70.6%	321,978	15.8%	638,756	51.0%
North America	—	3	45	15	16	18.0%	0	0.0%	—	—	120,699	27.8%	1,467,363	72.0%	312,137	24.9%
Russia	—	1	1	6	16	18.0%	28	57.1%	—	—	6,805	1.6%	6,466	0.3%	90,170	7.2%
Middle East	—	—	3	—	2	2.2%	4	8.2%	—	—	—	—	228,253	11.2%	—	—
Others	1	—	1	3	7	7.9%	7	14.3%	13,166	2.8%	—	—	13,212	0.7%	212,286	16.9%
Total	**32**	**32**	**82**	**55**	**89**	**100%**	**49**	**100%**	**468,783**	**100%**	**433,976**	**100%**	**2,037,272**	**100%**	**1,253,349**	**100%**

Summary of Historical Financial Information

The following tables set out our summary combined income statement and balance sheet data for the periods indicated. We have derived our summary combined income statement, and balance sheet data from our audited combined financial statements included in Appendix I to this Prospectus, which have been prepared in accordance with IFRS.

	Year ended December 31,						Eight months ended August 31,			
	2004	% of revenue	2005	% of revenue	2006	% of revenue	2006 (unaudited)	% of revenue	2007	% of revenue
	RMB'000[(1)]	(%)	RMB'000[(1)]	(%)	RMB'000[(1)]	(%)	RMB'000[(1)]	(%)	RMB'000[(1)]	(%)
Combined income statement data										
Revenue	539,265	*100.0*	501,570	*100.0*	2,335,948	*100.0*	842,830	*100.0*	1,518,647	*100.0*
Cost of sales	(440,028)	*(81.6)*	(392,993)	*(78.4)*	(1,558,121)	*(66.7)*	(598,405)	*(71.0)*	(1,019,110)	*(67.1)*
Gross profit	99,237	*18.4*	108,577	*21.6*	777,827	*33.3*	244,425	*29.0*	499,537	*32.9*
Other operating income	2,214	*0.4*	3,187	*0.6*	4,620	*0.2*	2,412	*0.3*	4,501	*0.3*
Other operating expenses	(572)	*(0.1)*	(648)	*(0.1)*	(917)	*(0.0)*	(84)	*0.0*	(101)	*0.0*
Selling expenses	(17,818)	*(3.3)*	(22,971)	*(4.6)*	(84,176)	*(3.6)*	(41,276)	*(4.9)*	(111,488)	*(7.3)*
General and administrative expenses	(29,039)	*(5.4)*	(42,436)	*(8.5)*	(110,185)	*(4.7)*	(40,079)	*(4.8)*	(89,352)	*(5.9)*
Other net income/(expenses)	440	*0.1*	1,427	*0.3*	3,085	*0.1*	830	*0.1*	2,388	*0.2*
Profit from operations[(2)]	54,462	*10.1*	47,136	*9.4*	590,254	*25.3*	166,228	*19.7*	305,485	*20.1*
Net financing costs	(3,858)	*(0.7)*	(4,132)	*(0.8)*	(23,141)	*(1.0)*	(6,012)	*(0.7)*	*(12,432)*	*(0.8)*
Profit before taxation	50,604	*9.4*	43,004	*8.6*	567,113	*24.3*	160,216	*19.0*	293,053	*19.3*
Income tax expense	(10,488)	*(1.9)*	(10,749)	*(2.1)*	(103,203)	*(4.4)*	(60,797)	*(7.2)*	(54,724)	*(3.6)*
Profit for the year/period	40,116	*7.5*	32,255	*6.4*	463,910	*19.9*	99,419	*11.8*	238,329	*15.7*
Attributable to:										
Equity shareholders of the Company	32,168	*6.0*	18,454	*3.7*	412,814	*17.7*	66,599	*7.9*	201,095	*13.2*
Minority interests	7,948	*1.5*	13,801	*2.7*	51,096	*2.2*	32,820	*3.9*	37,234	*2.5*
Profit for the year/period	40,116	*7.5*	32,255	*6.4*	463,910	*19.9*	99,419	*11.8*	238,329	*15.7*
Dividends declared during the year/period	2,164	0.4	1,638	*0.3*	19,533	*0.8*	19,533	*2.3*	—	—
Earnings per share — basic (RMB)[(3)]	0.013	*N/A*	0.007	*N/A*	0.165	*N/A*	0.027	*N/A*	0.08	*N/A*

(1) Except for per share numbers which are presented in RMB cents.
(2) Profit from operations represents profit before net financing cost and tax.
(3) The calculation of earnings per share is based on profit attributable to equity holders of the Company of each period presented on the assumption that 2,500,000,000 Shares, representing the number of Shares of the Company outstanding immediately before the Global Offering, had been in issue throughout the three years ended December 31, 2006, and the eight months ended August 31, 2007.

	As of December 31,			As of August 31,
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Combined balance sheet data				
Non-current assets				
Fixed assets	62,547	129,944	262,500	322,989
Other non-current assets	15,166	16,690	24,159	83,732
Total non-current assets	77,713	146,634	286,659	406,721
Inventories	80,138	298,617	690,391	1,183,810
Trade and other receivables	183,039	337,647	869,374	1,373,461
Amount due from related companies	1,831	4,269	1,998	92,165
Restricted bank deposit	—	—	107,875	—
Pledged bank deposits	15,104	88,207	67,746	198,845
Cash and cash equivalents	26,013	293,982	158,351	212,788
Total current assets	306,125	1,022,722	1,895,735	3,061,069
TOTAL ASSETS	**383,838**	**1,169,356**	**2,182,394**	**3,467,790**
Current liabilities				
Short-term interest-bearing borrowings	54,900	31,184	345,000	758,550
Trade and other payables	211,413	981,517	1,091,647	1,279,155
Other current liabilities	10,994	11,809	382,138	825,019
Total current liabilities	277,307	1,024,510	1,818,785	2,862,724
Non-current liabilities				
Long-term interest-bearing borrowings	—	—	21,299	18,512
Deferred tax liability	—	—	4,259	4,104
TOTAL LIABILITIES	**277,307**	**1,024,510**	**1,844,343**	**2,885,340**
TOTAL EQUITY	**106,531**	**144,846**	**338,051**	**582,450**
TOTAL LIABILITIES AND EQUITY	**383,838**	**1,169,356**	**2,182,394**	**3,467,790**

Use of Proceeds

Assuming the Over-allotment Option is not exercised and the Offer Price is fixed at HK$3.83 per Share (being the midpoint of the stated Offer Price range of HK$3.16 to HK$4.50 per Share), we project that the net proceeds of the Global Offering, after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, to be approximately HK$2,972 million. To implement our business strategy of increasing equipment production capacity, improving the technology and innovation of our product lines, and expanding product and service lines, we intend to use the net proceeds for the following general purposes:

(1) Approximately 60% is to be used for the construction of an offshore equipment manufacturing base in the eastern coastal area of China, to produce jack-up rigs and fixed rigs as well as large structures. This includes acquiring land and coastline in Shanghai or neighboring provinces, investing in research and development and new equipment, and constructing new factories.

(2) Approximately 12% is to be used for increasing production capacity, and for the development of new land rig equipment, and rig parts and components. In order to increase the annual rig production to 150 rigs by 2008, the Group needs capital investment, including fixed capital (for items such as expansion of the ground for final assembly tests, expansion of workshops, and increase of the production and testing equipment).

(3) Approximately 20% is to be used for acquisitions, establishing joint ventures, and strategic alliances with international partners, in order to expand our product offerings to the oil and gas exploration and production industry. We are in the process of searching for potential international partners.

The remaining proceeds will be used for working capital and day to day expenses.

To the extent that our net proceeds are not immediately applied to the aforementioned purposes, and to the extent permitted by PRC law and regulations, we intend to deposit such proceeds into short-term demand deposits and/or money market instruments.

We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

Dividends and Dividend Policy

After the completion of the Global Offering, our shareholders will be entitled to receive dividends declared by us. The declaration of, payment and amount of interim dividends will be subject to the discretion of our Directors in accordance with our Articles of Association, and will be dependent upon our future operations and earnings, financial condition, capital requirements and surplus, contractual restrictions, payments by subsidiaries of cash dividends to us and other factors that our Directors deem relevant.

We declared dividends of approximately RMB2.2 million, RMB1.6 million and RMB19.5 million, in 2004, 2005 and 2006, respectively. No dividends were declared for the year ended December 31, 2007. There is no guarantee that dividends will be paid in the future. The declaration of dividends is subject to the discretion of our Directors, and the amounts of dividends actually declared and paid will also depend on, among other things, the following factors:

- our financial results and resources available;
- business opportunities and capital requirements; and
- market conditions.

Subject to the factors above, the Directors intend to declare and recommend annual dividends of not less than 20% of our annual distributable profit attributable to equity holders of the Company for the financial years ending December 31, 2008 and 2009.

Cash dividends on the ordinary shares of the Company, if any, will be paid in Hong Kong dollars. Other types of payment, if any, will be paid to the shareholders by any means the Directors deem appropriate and practicable.

Profit Estimate

We estimate that, on the bases and assumptions set out in Appendix III to this Prospectus and in the absence of unforeseen circumstances, our estimated combined profit attributable to equity holders for the year ended December 31, 2007, will not be less than RMB538.3 million. The profit estimate for the year ended December 31, 2007, has been prepared by our Directors, based on our audited combined results for the eight months ended August 31, 2007, and the unaudited management accounts of the Group for the remaining four months ended December 31, 2007.

Offer Statistics

	Based on offer price of HK $3.16	Based on offer price of HK $4.50
Market capitalization of our Shares (HK$000)	10,533,418	15,000,120
Pro forma fully diluted estimated price/earnings multiple	18.15	25.85
Adjusted net tangible asset value per Share (HK$)	0.92	1.24

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by the Company on January 21, 2008, of which 60,000,000 Shares may be issued upon exercise of all options granted thereunder, representing approximately 1.8% of the aggregate number of Shares in issue immediately following completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option).

The earnings per Share will be diluted from HK$0.174 to HK$0.171 if all 60,000,000 Shares under the Pre-IPO Share Option Scheme are issued.

For a detailed summary of the Pre-IPO Share Option Scheme, please refer to Appendix VII to this Prospectus.