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 of the information which may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are summarised in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in our Shares.

OVERVIEW

We are engaged in the manufacture of advanced steel flow control products which are used in the continuous casting process to protect, control and regulate the flow of molten steel. Our products include Ladle Shrouds, Stoppers, Tundish Nozzles and Subentry Nozzles. A prominent feature of our products is that they are consumables and must be regularly replaced. The life cycle of our products ranges from 2 to 15 hours depending on the practice and design of the production facilities of our customers. As at the Latest Practicable Date, most of our customers were members of major steel manufacturing groups in the PRC, including Baosteel Group, Hebei Steel Group, Wuhan Steel Group and Shandong Steel Group. We commenced our business with Baosteel Group and Wuhan Steel Group in 2007, and with Hebei Steel Group and Shandong Steel Group in 2009. For the three years ended 31 December 2009, sales to Baosteel Group amounted to approximately RMB14.6 million, RMB11.3 million and RMB27.0 million respectively, while sales to Wuhan Steel Group amounted to approximately RMB13.3 million, RMB11.9 million and RMB16.8 million respectively. For the year ended 31 December 2009, sales to Shandong Steel Group amounted to approximately RMB12.0 million while sales to Hebei Steel Group amounted to approximately RMB1.9 million. We have well-established relationships with our customers. As at the year ended 31 December 2009, we had maintained two years of relationship with our top five largest customers on average. We do not have long term sales contracts with our customers, but we generally enter into one-year framework contracts with them.

Continuous casting is the process whereby molten steel is continuously fed into a water-cooled crystalliser and cast into a semi-finished slabs or billets for subsequent rolling in the rolling mills into various kinds of steel products. Our products, which play a critical part in the continuous casting process, are made with unique mixtures of specialised materials and are customised to meet the specific requirements of each customer.

According to the ACRI Report, steel flow control products for continuous casting process can be broadly grouped into "high-end" and "average" products. Products which do not fall into the "high-end" category are grouped as "average" products.

Quantitative parameters used by ACRI in determining whether a steel flow control product is "high-end" are set out below:

Product		Specifications
Ladle shrouds	:	Bore size of 80 mm or above with alumina content of 60% or above
Stoppers	:	Length of 1,100 mm or above with alumina content of 59% or above
Tundish nozzles	:	Ratio of outside diameter in the seat end over the outside diameter in the opposite end should be less than 1, and with a sliding plate with modulus of rupture of not less than 10 MPa with alumina content of not less than 80%
Subentry nozzles	:	The end closest to the tundish bottom should have an outside diameter of not less than 150mm and the zirconia and hafnia content of the slagline should not be less than 80%

"High-end" steel flow control products are mainly used by steel manufacturing companies for slab casters while "average" steel flow control products are mainly used for billet casters. Slab casters require steel flow control products which are larger in size and more complicated in design as higher molten steel flow rate is involved and more modern tube changer systems are adopted. On the other hand, billet casters typically require steel flow control products which are smaller in size, simpler in design, and relatively easier to be manufactured. According to the ACRI Report, the afore-mentioned classification of "high-end" and "average" steel flow control products is widely accepted and recognised in the PRC industry. However, there is currently no national standard or requirement which is applicable to such classification.

All of our products, namely Ladle Shrouds, Stoppers, Tundish Nozzles and Subentry Nozzles, are classified as "high-end" products according to the specifications of "high-end" products defined by ACRI. They have the characteristics of high erosion resistance and high stability and they usually have a longer life cycle when compared to the "average" products. All of our products are mainly used by our customers for their slab casters.

According to the ACRI Report, we have a market share of approximately 19% in the "high-end" steel flow control products market in the PRC in 2009 based on our actual annual production volume. We are the second largest "high-end" steel flow control products manufacturer in the PRC while Vesuvius Advanced Ceramics (Suzhou) Co. Ltd. is the largest.

We manufacture our advanced steel flow control products in our wholly-owned production plant situated on a parcel of land with a total site area of approximately 37,704.3 sq.m., located in Yixing, Jiangsu Province, the PRC. In 2007, 2008 and 2009, we produced approximately 1,081 tonnes, 1,688 tonnes and 4,254 tonnes respectively of advanced steel flow control products. As at the Latest Practicable Date, we had an annual production capacity of approximately 8,200 tonnes of advanced steel flow control products and we had reached our full capacity. Our production capabilities are supported by our advanced equipment and specialised techniques designed to produce consistently high quality products. We develop our own moulds, which are made from a specialised resin, to manufacture our products to ensure better quality and enhance production efficiency. We have also developed some tooling sets for special shapes to meet our customers' specific demands and a new mixture of raw materials to improve anti-oxidation behaviour.

We have a research and development team that focuses on five main areas, namely to (i) improve and enhance the efficiency of our manufacturing processes; (ii) develop new mixtures of raw materials to enhance product quality; (iii) design better or new products and technologies for our customers; (iv) gather market intelligence and closely monitor the technology trend in our industry globally; and (v) provide technical services and on-site training for our sales staff. In addition, we collaborate with leading research institutions and universities, such as IMUST including its Metallurgy School (冶金學院), and Shanghai University (上海大學), in the research and development of our products and the improvements of our manufacturing techniques.

China has been the world's leading producer of crude steel since 1996. In 2007, 2008 and 2009, China's annual production of crude steel amounted to approximately 489 Mt, 500 Mt and 568 Mt, respectively, representing about 36.3%, 37.6% and 46.6% of the world's total production of crude steel. According to Steel Statistical Yearbook 2009 published by the World Steel Association on 3 March 2010, among the crude steel products produced in China in 2007 and 2008, approximately 474 Mt and 484 Mt, representing over 96.9% and 96.6%, respectively were continuously cast slabs and billets.

It is noted that the total crude steel production volume in the PRC was in a trend similar to that of the steel price movement during the Track Record Period. Further details of the monthly production volume of crude steel in the PRC and China steel plate spot average price are set out in the paragraph headed "Sales and marketing" in the section headed "Business" in this prospectus.

Despite the steel price movement in the PRC, our sales revenue and sales volume increased during the Track Record Period. The increase in sales volume of our products was mainly due to the increase in the number of our customers from 7 in 2007 to 11 in 2008 and to 18 in 2009, and the increase in total sales to our existing customers. The sales to our existing customers (those 7 customers as of 31 December 2007) increased from approximately RMB40.0 million in 2007 to approximately RMB51.6 million in 2008. The sales to our existing customers (those 11 customers as of 31 December 2008) increased from approximately RMB67.2 million in 2008 to approximately RMB117.9 million in 2009.

On 26 September 2009, the State Council of the PRC (國務院) issued 《國務院批轉發展改革委等部門關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知》(國發[2009]38號) (Circular of the State Council on the Approval on Some Opinions Given by the National Development and Reform Commission and Other Departments on Containing Surplus Production Capacity and Repetitive Construction in Certain Industries and Facilitating Healthy Industrial Development (Guo Fa [2009] No.38)) (the "**State Council No.38 Circular**"). Certain major principles were put forward, including restricting additional capacity and optimising existing capacity, growing emerging industries and upgrading traditional industries and adopting market orientation and macro controls. The State Council No.38 Circular also required a restriction on the overall production capacity and constrained surplus production capacity, encouraged the development of new industries and products that are of high-technology level, high value-added, low resources consumption and low emission, enhanced merger and corporate restructuring as well as industry consolidation, expedited the retirement of technologically laggard plants, emphasised technology advancement, improved existing capacity, adjusted product mix and pursued an efficient, quality and sustainable industrial development.

The principles set out in the State Council No.38 Circular aimed at consolidating the resources of steel manufacturing companies by merging and reorganising the small-medium companies and eliminating old and outdated production facilities so as to maintain the sustainable development of the steel manufacturing industry. These principles required the steel manufacturing companies to refine their product structure and aimed to eliminate the outdated products and production facilities.

Based on the latest data extracted from Bloomberg, notwithstanding the issuance of the State Council No.38 Circular, monthly production volume of our customers maintained at a steady trend after September 2009. Hebei Steel Group even experienced an increase in monthly production in October 2009, December 2009, and January 2010 as compared to their monthly production in September 2009. Further details of the monthly production volume of the major steel manufacturing groups in the PRC from January 2009 to February 2010 are set out in the paragraph headed "Industry related regulations" in the section headed "Industry overview" in this prospectus.

As the demand for our products depends on the production volume of the steel manufacturing companies, and most of our customers are members of major steel manufacturing groups in the PRC which would unlikely to be adversely affected by the State Council No.38 Circular, our Directors believe the issuance of the State Council No.38 Circular has limited immediate impact on our business.

With our market position and solid customer base, we believe that we are well-positioned to further expand into the PRC market and to capture new business opportunities. We aim to continue to build on our leading position in the PRC and to expand our business to overseas markets such as Western Europe, Korea and Taiwan. We currently have one production line with an annual production capacity of approximately 8,200 tonnes of advanced steel flow control products which we currently operate at full capacity. In view of the orders we have already received in 2010 and the anticipated growth in demand for our products, we plan to construct a new production plant to expand our production capacity. The new production plant will house an additional production line and will increase our production capacity by an additional 8,600 tonnes. This new production plant is expected to be completed by the end of 2011 and will commence production in 2012. The proposed additional annual production capacity is expected to be utilised to meet the future demand of our existing and potential future customers in the PRC, and the potential future customers in the overseas markets. As stated in paragraph headed "Business strategies" in the section headed "Business" in this prospectus, we will continue to promote our advanced steel flow control products by broadening our customer base and expanding overseas markets. For expanding our PRC market, we will continue to strengthen our marketing efforts and promote our products to potential customers in other potential markets in the PRC not yet covered by our network. Our customer base has grown from 18 as at 31 December 2009 to 20 as at the Latest Practicable Date in the PRC. For expanding our overseas market, we have entered into a memorandum of understanding ("**Carboref MOU**") with Carboref GMBH ("**Carboref**") to sell our products in Europe and a framework agreement ("**Sinosteel Agreement**") with Sinosteel Shanghai Company ("**Sinosteel**") to market and sell our products in Taiwan and Korea. Prior to completion of the aforesaid new production plant, we plan to expand our business by utilising our existing production capacity and by targeting to sell products with higher profit margins.

During the Track Record Period, all of our products were sold in the PRC. The following table shows our turnover and average selling price by product type during the Track Record Period:

	Year ended 31 December								
	2007			2008			2009		
	RMB (million)	*%*	**Average selling price** *RMB*	*RMB (million)*	*%*	**Average selling price** *RMB*	*RMB (million)*	*%*	**Average selling price** *RMB*
Subentry Nozzles	16.3	40.8	1,511	28.3	42.1	1,610	69.0	44.0	1,664
Stoppers	11.6	29.0	1,098	19.1	28.4	1,098	45.7	29.1	1,192
Tundish Nozzles	6.3	15.8	1,128	14.1	21.0	1,328	33.0	21.0	1,361
Ladle Shrouds	5.8	14.4	1,151	5.7	8.5	1,187	9.2	5.9	1,174
Total	**40.0**	**100.0**		**67.2**	**100.0**		**156.9**	**100.0**	

Since the commencement of our Group's business operations in 2007, we have achieved significant revenue and earnings growth during the Track Record Period. Our turnover grew from approximately RMB40.0 million for the year ended 31 December 2007 to approximately RMB156.9 million for the year ended 31 December 2009, representing a CAGR of approximately 98.1%. Our net profit grew from approximately RMB13.4 million for the year ended 31 December 2007 to approximately RMB70.1 million for the year ended 31 December 2009, representing a CAGR of approximately 128.7%. The increase in our turnover and net profit during the Track Record Period were primarily due to (i) our increased marketing efforts to solicit new customers, (ii) increase in our sales volume to both recurring and new customers (from approximately 1,081 tonnes in 2007 to approximately 4,254 tonnes in 2009); (iii) change in product mix and the increase in sales volume of Subentry Nozzles, from approximately 40.8% of total revenue in 2007 to approximately 44.0% of total revenue in 2009, that had gross profit margins of approximately 60.5% in 2007, approximately 61.8% in 2008 and approximately 69.6% in 2009, which were one of the highest among the Group's products; (iv) higher operating efficiencies achieved through economies of scale resulting from the increase in sales volume. The source of the increase in demand for our products came from both recurring and new customers. Our number of customers increased from 7 in 2007 to 18 in 2009 and 20 as at the Latest Practicable Date. The number of recurring customers in 2008 and 2009 was 7 and 11 respectively, while the number of recurring customers as at the Latest Practicable Date was 18.

COMPETITIVE STRENGTHS

– Leading manufacturer of highly customisable advanced steel flow control products in the PRC with high turnover and competitive pricing

– Commitment to produce high quality products

– High gross profit margin

– Commitment to enhance research and development capability

– Strong relationships with key customers supported by personalised on-site services and timely technical support

– Experienced and dedicated management team

BUSINESS STRATEGIES

We have attained a strong market position and were ranked second in the “high-end” steel flow control products market in the PRC in 2009 in terms of our actual annual production volume. We aim to continue to build on our established market position and other competitive strengths to grow our business in the PRC as well as to expand our business into the overseas markets, including Taiwan, Korea and Western Europe. Other than increasing the sales of our existing steel flow control products, it is also one of our growth strategies to expand the range of our products offered to our customers and they include steel flow distributors and side dams for use in the thin strip casting process and monolithic materials, which are not steel flow control products. Monolithic materials can have a variety of applications in different steel casting processes, including in steelmaking furnaces, ladles and tundishes.

Our business strategies include:

– Expand production capacity to increase market penetration

– Broaden customer base and expand to overseas markets

– Develop new products via acquisition and construction of new production facilities to increase our product range

– Enhance our expertise and technical know-how on the development of new products

SUMMARY FINANCIAL INFORMATION

The following is a summary of our Group's combined results for the three years ended 31 December 2009 extracted from "Appendix I – Accountants' Report" to this prospectus. The results were prepared on the basis of the presentation as set out in the Accountants' Report. The summary financial information should be read in conjunction with the combined financial statements set out in "Appendix I – Accountants' Report" to this prospectus.

Combined statements of comprehensive income

	Year ended 31 December		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	40,006	67,206	156,896
Cost of sales	(17,739)	(27,815)	(51,508)
Gross profit	22,267	39,391	105,388
Other income	39	95	72
Selling and distribution costs	(3,915)	(6,654)	(13,109)
Administrative expenses	(4,457)	(5,588)	(6,263)
Other expenses	–	–	(2,000)
Finance costs	(529)	(1,062)	(195)
Profit before taxation	13,405	26,182	83,893
Taxation	–	(1,211)	(13,817)
Profit for the year and total comprehensive income for the year	13,405	24,971	70,076
Earnings per share			
Basic *(RMB) (Note)*	0.01	0.03	0.08

Note:

The calculations of the basic earnings per share for the three years ended 31 December 2009 are based on the profit for the three years ended 31 December 2009 and on the assumption that 900,000,000 ordinary shares were in issue throughout the three years ended 31 December 2009 comprising 2,000,000 ordinary shares in issue as at the date of this prospectus and 898,000,000 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the paragraph headed "Resolutions in writing of all Shareholders passed on 7 June 2010" in Appendix VI to this prospectus.

SUMMARY

Combined statements of financial position

	At 31 December		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	53,120	49,054	45,344
Prepaid land lease payments	11,036	10,801	10,566
	64,156	59,855	55,910
Current assets			
Inventories	5,133	6,133	8,604
Trade receivables	12,573	8,910	46,490
Bills receivable	200	7,890	12,625
Other receivables and prepayments	680	792	141
Prepaid land lease payments	235	235	235
Bank balances and cash	5,793	20,005	65,500
	24,614	43,965	133,595
Current liabilities			
Trade payables	426	525	1,602
Other payables and accruals	10,460	3,193	16,028
Amount due to a director	10,000	–	–
Amounts due to related companies	7,208	–	–
Secured bank borrowings			
– due within one year	9,000	9,000	–
Discounted bills with recourse	–	6,390	9,012
Tax liabilities	–	–	4,995
	37,094	19,108	31,637
Net current (liabilities) assets	(12,480)	24,857	101,958
Total assets less current liabilities	51,676	84,712	157,868
Capital and reserves			
Paid-in capital	40,187	47,041	47,041
Reserves	11,489	36,460	106,536
Net assets attributable to owners of the Company	51,676	83,501	153,577
Non-current liability			
Deferred taxation	–	1,211	4,291
	51,676	84,712	157,868

Combined statements of cash flows

	Year ended 31 December		
	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Net cash from operating activities	6,919	25,156	53,600
Net cash used in investing activities	(18,698)	(5,918)	(1,532)
Net cash from (used in) financing activities	17,239	(5,026)	(6,573)
Cash and cash equivalents at beginning of the year(1)	333	5,793	20,005
Cash and cash equivalents at end of the year(1)	5,793	20,005	65,500

(1) The balances represented our bank balances and cash as of each of the year-end dates during the Track Record Period.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROFIT FORECAST FOR THE SIX MONTHS ENDING 30 JUNE 2010

Forecast combined profit after taxation of our Group for the six months ending 30 June 2010(1)	Not less than RMB65.8 million (equivalent to approximately HK$75.0 million)(3)
Unaudited pro forma forecast basic earnings per Share for the six months ending 30 June 2010(2)	Not less than RMB0.05 (equivalent to approximately HK$0.06)(3)

Notes:

(1) The bases and assumptions on which the forecast combined profit attributable to owners of our Company for the six months period ending 30 June 2010 have been prepared and summarised on page III-1 of Appendix III to this prospectus.

Our forecast combined profit after taxation for the six months ending 30 June 2010 prepared by our Directors is based on the unaudited management accounts of our Group for the four months ended 30 April 2010 and a forecast of the combined results of our Group for the remaining two months ending 30 June 2010. The Directors have undertaken to the Stock Exchange that our interim report for the six months ending 30 June 2010 will be audited pursuant to Rule 11.18 of the Listing Rules. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as summarised in the "Accountants' Report" as set out in Appendix I to this prospectus.

(2) The calculation of the unaudited pro forma forecast basic earnings per Share for the six months ending 30 June 2010 is based on the forecast combined results of our Company for the six months ending 30 June 2010, assuming the Global Offering had been completed on 1 January 2010 and a total of 1,200,000,000 Shares were in issue during the entire period, taking no account of any additional income our Group may have earned from the estimated net proceeds from the Global Offering, or any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option.

(3) The amount stated in Renminbi has been converted into Hong Kong dollars at the rate of RMB1.00 to HK$1.14.

OFFER STATISTICS

We have compiled the Global Offering statistics on the assumption that the Over-allotment Option is not exercised. The indicative offer prices of HK$0.71 and HK$0.83 per Offer Share do not include the 1% brokerage fee, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee, which are payable by investors under the Global Offering.

	Based on indicative Offer Price of HK$0.71 per Offer Share	Based on indicative Offer Price of HK$0.83 per Offer Share
Our market capitalisation upon completion of the Global Offering(1)	HK$852 million	HK$996 million
Unaudited pro forma adjusted net tangible asset value per Share as at 31 December 2009(2)	HK$0.30	HK$0.33

(1) The calculation of the market capitalisation is based on the assumption that 1,200,000,000 Shares will be in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued under the Over-allotment Option).

(2) The unaudited pro forma adjusted net tangible asset value per Share in the above table is calculated after the adjustments referred to in the section headed "Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets" in this prospectus and on the basis of 1,200,000,000 Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued under the Over-allotment Option).

DIVIDEND POLICY

We intend to distribute at least 30% of the distributable profits attributable to shareholders of our Company for the financial year ending 31 December 2010 as dividends. Such intention does not amount to any guarantee or representation or indication that our Company must or will declare and pay dividend in such manner or declare and pay any dividend at all. We did not declare or pay any dividends during the Track Record Period.

Going forward, we may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend will be at the discretion of our Board. In addition, any final dividend will be subject to Shareholders' approval. Our Board will review our Company's dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- financial results of our Company;
- shareholders' interests;
- general business conditions, strategies and future expansion needs;

- our Company's capital requirements;
- the payment by our subsidiaries of cash dividends to our Company;
- possible effects on liquidity and financial position of our Company; and
- other factors our Board may deem relevant.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised and an Offer Price of HK$0.77 per Offer Share (being the mid-point of the indicative Offer Price range), we estimate that the aggregate net proceeds to us from the New Issue will be approximately HK$199.3 million, after deducting the underwriting fees and other estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds from the New Issue as follows:

(i) approximately 55%, or HK$109.3 million, will be used to construct a new production plant (including installation of production equipment and machineries) on the existing parcel of land owned by us and will house an additional production line to increase 8,600 tonnes of our existing production capacity. We expect this new plant to be completed by the end of 2011 and commence production in 2012. The gross floor area of the new plant is expected to be approximately 6,600 sq.m. and the current estimated cost of construction is approximately HK$109.3 million, of which, approximately HK$26.2 million will be used for construction of the production plant and approximately HK$83.1 million will be used for purchase of production equipment and machineries. The governmental approval in relation to our Group's application for the proposed construction of the new production plant and increase in our Group's annual production capacity has been obtained. As at the Latest Practicable Date, our Group had not entered into any agreement or memorandum of understanding for related construction work or acquisition of equipment or machineries;

(ii) approximately 30%, or HK$60.0 million, will be used to expand our product range in the following manner:

   (a) acquire a plant for the production of monolithic materials. Monolithic materials are essential materials used in steelmaking furnaces, ladles and tundish applications in conventional continuous casting, thin slab casting and thin strip casting. Our Directors believe that as monolithic materials can be used in a broad spectrum of applications, the production of these materials will increase our Group's product offerings. Further, as monolithic materials can also be used by our Group's existing customers, our Group can further strengthen our businesses with our existing customers by providing a wider range of products to them. Our Directors expect the annual production capacity of the aforesaid new production plant to be approximately 50,000 tonnes; or

   (b) acquire land and construct a new production plant (including installation of production equipment and machineries) to produce side dams for the thin strip casting process which is expected to be completed in 2012. Side dam is a ceramic part for the thin strip casting process to hold molten steel during casting operations. We target to locate such new plant on a piece of land of approximately 20,000 sq.m. adjacent to our existing production plant which is likely to be within the Yixing Economic Development Zone and owned by the local government of Yixing, the PRC. The current estimated cost for such acquisition and construction is approximately HK$60.0 million, of which approximately HK$8.8 million is for the acquisition of land, approximately HK$6.6 million is for the construction of the production plant and approximately HK$44.6 million is for the purchase of production equipment and machineries,

as at the Latest Practicable Date, our Group was in the course of identifying suitable target plant for the production of monolithic materials for acquisition and appropriate land for the construction of the new production plant to produce side dams. With the intended amount of the net proceeds from the Global Offering (i.e. approximately HK$60.0 million) to be dedicated for the above purpose, we intend to use the net proceeds from the New Issue to pursue only one of the above expansion plans when suitable opportunities arise. For the remaining expansion plan which we did not pursue by utilising the net proceeds from the Global Offering, we may implement such plan in the future using internally generated funds or by funds from other fund-raising activities as considered appropriate and in the interest of our Company;

(iii) approximately 5%, or HK$10.0 million, will be used to strengthen our marketing efforts in the PRC (including providing more staff training to our sales team and expanding our sales teams) and promote our products in other potential markets in the PRC not already covered by our network as well as in oversea markets through participating in industry exhibitions and establishing sales offices;

(iv) approximately 5%, or HK$10.0 million, will be used to further strengthen our research and development capabilities and to improve our expertise and technical know-how in relation to our product quality and production techniques; and

(v) approximately 5%, or HK$10.0 million, will be used for working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the mid-point of the indicative price range or if the Over-allotment Option is exercised. If the Offer Price is set at the lowest end of the price range (HK$0.71), the net proceeds will be approximately HK$182.1 million. If the Offer Price is set at the highest end of the price range (HK$0.83), the net proceeds will be approximately HK$216.4 million.

Our Group will control the costs and identify appropriate target for the above plans, in particular, the expenditure referred to in paragraphs (i) and (ii) above. In the event that the actual capital expenditure should exceed the respective net proceeds obtained from the Global Offering, our Group would then consider whether to utilise our own resources or to further raise funds.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the New Issue are not immediately required for the above purposes or if we are unable to implement any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions.

We estimate that the aggregate net proceeds to the Selling Shareholders from the Sale Shares (after deducting underwriting commission and estimated expenses payable by the Selling Shareholders in connection with the Global Offering, and assuming an Offer Price of HK$0.77 per Offer Share, being the mid-point of the indicative Offer Price range) will be approximately HK$59.8 million, assuming that the Over-allotment Option is not exercised. Our Company will not receive any of the net proceeds from the Sale Shares.

RISK FACTORS

Our operations and the industry in which we operate and the Global Offering involve certain risks, a summary of which is set forth in the section headed "Risk factors" in this prospectus. These risks can be classified as follows:

Risks relating to our Group

– Risks associated with customers

  (a) Our business and prospects depend heavily on the performance of the steel industry in China

  (b) Our business currently relies on members of certain major steel manufacturing groups in the PRC

  (c) We do not have long term sales contracts with our customers, but we generally enter into one-year framework contracts with them

  (d) We may face difficulties in sourcing and developing new customers

– Our short operating history and rapid growth may make it difficult for investors to evaluate our business and growth

– We had net current liabilities as at 31 December 2007

– We may not be able to maintain our profit margin in the future and the increasing trend of profit margin may attract competition

– Our business could be adversely and materially affected if we fail to adequately protect our proprietary technology and technical know-how

– Reliance on key management personnel may impose risks on our Group

– Our business depends on reliable supply of quality raw materials

– We require significant capital investments and a high level of working capital to sustain our operations and overall growth

– We manufacture our products in a single location, and any material disruption of our operations could adversely affect our business

– Our expansion plans may not be successful

– Our production capacity might not be able to meet with growing market demand or changing market conditions

– We manufacture and sell only "high-end" steel flow control products

– We may not be able to develop new products or expand into new markets

– We may be subject to product liability claims

– We may be subject to liability in connection with industrial accidents at our production facilities

– Lack of business insurance coverage may incur substantial costs for our Group

– We are subject to foreign exchange exposure

– The interests of our Controlling Shareholders may differ from those of our other Shareholders

Risks relating to the industry

– Our business depends very much on the continuous casting method in the steel manufacturing industry. Industry-wide adoption of other existing or new technologies that do not require steel flow control products in the future might seriously affect our business

– We cannot assure that we will be able to renew all necessary licences, certificates, approvals and permits for our production. Changes in licensing requirements applicable to our industry may adversely affect us

– The PRC Government may adopt measures to slow down growth in the steel manufacturing industry and other steel consuming industries, thereby adversely affecting the demand for our products

– Our industry is subject to global economic and market conditions

– We operate in a highly competitive industry

Risks relating to conducting business in the PRC

– Political and economic policies of the PRC government and social conditions and legal developments of the PRC could affect our business

– The government control of currency conversion could affect our business operations

– Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

– The implementation of the new labour contract law and increase in labour costs in the PRC may adversely affect our business and financial conditions

– Under the Enterprise Income Tax Law (中華人民共和國企業所得稅法) and the related implementation regulations, which became effective on 1 January 2008, dividends from our subsidiary in the PRC may be subject to withholding tax or we may be subject to PRC tax on our worldwide income

– Dividends payable by us to our foreign investors and gain on the sale of our Shares may be subject to the PRC tax

– We cannot assure that we will continue to enjoy preferential tax treatments or financial incentives in the future

– PRC regulations on loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary

– We are a holding company and rely on dividend payments from our operating subsidiary

– Uncertainties on the PRC withholding tax rate on dividends payable by our subsidiary in the PRC

– PRC regulations relating to acquisitions of the PRC companies by foreign entities may limit our ability to acquire the PRC companies and adversely affect the implementation of our strategy as well as our business and prospects

– PRC regulations relating to the establishment of offshore special purpose companies by the PRC residents may subject our PRC resident shareholders or our PRC subsidiary to liability or penalties, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase their registered capital or distribute profit to us, or may otherwise adversely affect us

– A shortage of electricity and water supply in the PRC would affect our production and affect our business and financial performance

Risks relating to the Global Offering

– Shareholders' interests in the share capital of our Company may be diluted in the future

– Lack of liquidity of our Shares and volatility of the market price may be resulted

– Fluctuation of RMB may affect value of our dividends (if any) and our financial condition

– Investors may experience difficulties in effecting service of legal process and enforcing judgments against our Company and our management

– We cannot guarantee the accuracy of facts and other statistics with respect to the global steel industry, the PRC economy, the PRC steel industry and the PRC steel flow control products industry in the continuous casting process contained in this prospectus

– Forward-looking statements contained in this prospectus are subject to risks and uncertainties

– We strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Global Offering