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## HISTORY AND DEVELOPMENT

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### OUR CORPORATE HISTORY

Our principal operating entity is Sinoref (Yixing), a wholly-owned subsidiary of Sinoref (HK). Sinoref (HK) is a wholly-owned subsidiary of Sinoref (BVI) which is in turn wholly-owned by our Company. We underwent certain reorganisation steps for the purpose of the Global Offering, further information on which is set forth in the section headed “Reorganisation” in this prospectus.

#### **Sinoref International**

Sinoref International was incorporated on 28 April 2005 in the BVI with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. Sinoref International is an investment holding company, it does not carry on any business other than holding its interests in Sinoref (Yixing) in the past.

As at 29 April 2005, Sinoref International was held by Mr. Xu as to 35%, Dr. Zhang as to 30%, Mr. Xu Yexin (Mr. Xu’s brother) as to 20%, Mr. Gu Aoxing as to 5%, Mr. Fu Chengzheng as to 5% and another PRC individual (Mr. Wu Weiqun) as to 5%.

As at 8 June 2006, Sinoref International was held by Mr. Xu as to 45%, Dr. Zhang as to 10%, Mr. Xu Yexin (Mr. Xu’s brother) as to 27%, Mr. Gu Aoxing as to 6%, Mr. Fu Chengzheng as to 6% and another PRC individual (Mr. Wu Weiqun) as to 6%.

As at 5 January 2007, Sinoref International was held by Mr. Xu as to approximately 53%, Dr. Zhang as to approximately 6%, Mr. Xu Yexin (Mr. Xu’s brother) as to approximately 35% and Mr. Fu Chengzheng as to approximately 6%.

As at 19 November 2007, Sinoref International was held by Mr. Xu as to approximately 58%, Dr. Zhang as to approximately 6%, Mr. Fu Chengzheng as to approximately 6%, Mr. Gu Aoxing as to approximately 8%, Mr. Wang Zhizhong as to approximately 2%, a PRC individual (Mr. Liu Caijun) as to approximately 7% and another PRC individual (Mr. Cui Junrui) as to approximately 13%.

As at 1 August 2008, Sinoref International was held by Mr. Xu as to approximately 42%, Dr. Zhang as to approximately 5%, Mr. Fu Chengzheng as to approximately 3%, Mr. Gu Aoxing as to approximately 4%, Mr. Wang Zhizhong as to approximately 2%, Mr. Gao Zhilong as to 27% and Mr. Chai Xishu as to 17%.

As at the Latest Practicable Date, Sinoref International was held by Mr. Xu as to approximately 40%, Dr. Zhang as to approximately 10%, Mr. Fu Chengzheng as to approximately 3%, Mr. Gu Aoxing as to approximately 4%, Mr. Wang Zhizhong as to approximately 2%, Mr. Gao Zhilong as to 25% and Mr. Chai Xishu as to 16%.

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### **Sinoref (Yixing)**

Our history began with the establishment of Sinoref (Yixing) on 20 July 2005. Based on the articles of association of Sinoref (Yixing) dated 18 July 2005, the registered capital of Sinoref (Yixing) of US\$6,000,000 would be contributed by Sinoref International and the principal business activities of Sinoref (Yixing) included manufacture of advanced steel flow control products.

On 19 July 2005, the said articles of association of Sinoref (Yixing) and its establishment by Sinoref International were approved by the relevant PRC regulatory authorities. Each of the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC (the “**Certificate of Approval**”) and the business licence was granted to Sinoref (Yixing) on 19 July 2005 and 20 July 2005 respectively. As at 25 July 2005, the paid-up capital of Sinoref (Yixing) amounted to US\$2,000,000. As at 23 January 2006, its paid-up capital increased to US\$4,000,000. All such capital was contributed by Sinoref International.

On 12 December 2006, Sinoref International and Sino Super entered into an equity transfer agreement pursuant to which Sinoref International agreed to transfer its 22% equity interest in Sinoref (Yixing) (i.e. paid-up capital of US\$1,320,000) to Sino Super at a consideration of US\$1,320,000 which was determined based on the then paid-up capital. Sino Super was incorporated on 19 January 2006 in Hong Kong with an authorised and issued share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. Sino Super was set up by Dr. Zhang as his investment vehicle holding interests in Sinoref (Yixing). Sino Super has been wholly owned by Dr. Zhang since its incorporation. Other than holding its interests in Sinoref (Yixing), Sino Super does not carry on any business. Approval for such transfer was obtained on 14 May 2007 from the relevant PRC regulatory authorities. The Certificate of Approval in respect of transfer and the updated business licence was granted to Sinoref (Yixing) in May 2007 and on 6 August 2007, respectively.

As at 18 July 2007, the paid-up capital of Sinoref (Yixing) amounted to US\$5,000,000, of which each of Sinoref International and Sino Super contributed US\$3,680,000 and US\$1,320,000 respectively. As at 3 July 2008, the registered capital of Sinoref (Yixing) of US\$6,000,000 was fully paid up, out of which each of Sinoref International and Sino Super contributed US\$4,680,000 (representing 78%) and US\$1,320,000 (representing 22%), respectively.

In August 2009, Dr. Zhang, being the sole shareholder of Sino Super, required financial resources due to personal reasons while the then shareholders of Sinoref International were interested to increase their investment in Sinoref (Yixing). On 22 August 2009, Sinoref International and Sino Super entered into an equity transfer agreement pursuant to which Sino Super agreed to transfer its 17% equity interest in Sinoref (Yixing) (i.e. paid-up capital of US\$1,020,000) to Sinoref International at a consideration of US\$1,020,000 which was determined based on the then paid-up capital. Approval for such transfer was obtained on 23 September 2009 from the relevant PRC regulatory authorities. The articles of association of Sinoref (Yixing) were amended accordingly to reflect such change in shareholding. Each of the updated Certificate of Approval and the updated business licence was granted to Sinoref (Yixing) on 23 September 2009 and 9 October 2009, respectively.

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On 2 February 2010, as part of the Reorganisation and to streamline the structure of Sinoref (Yixing), Sinoref International and Sino Super entered into an equity transfer agreement pursuant to which Sino Super agreed to transfer its 5% equity interest in Sinoref (Yixing) (i.e. paid-up capital of US\$300,000) to Sinoref International at a consideration of and in exchange for which Sinoref International allotted and issued 263,158 shares of US\$0.01 each in its share capital to Dr. Zhang (as directed by Sino Super), such consideration was determined with reference to the 5% shareholding of Dr. Zhang in Sinoref (Yixing) through Sinoref International. Approval for such transfer was obtained on 23 February 2010 from the relevant PRC regulatory authorities. Each of the updated Certificate of Approval and the updated business licence was granted to Sinoref (Yixing) on 23 February 2010 and 9 March 2010 respectively.

On 8 March 2010, Sinoref International and Sinoref (HK) entered into an equity transfer agreement pursuant to which Sinoref (HK) agreed to acquire the entire equity interest in Sinoref (Yixing) in consideration of and in exchange for which Sinoref (HK) procured Sinoref (BVI) to allot and issue one share of HK\$1 in the share capital of Sinoref (BVI) to Sinoref International. Approval for such transfer was obtained on 22 March 2010 from the relevant PRC regulatory authorities. Each of the updated Certificate of Approval and the updated business licence was granted to Sinoref (Yixing) on 22 March 2010 and 25 March 2010 respectively.

As at the Latest Practicable Date, the registered capital of Sinoref (Yixing) was entirely owned by Sinoref (HK). The principal business activities of Sinoref (Yixing) include manufacture of advanced steel flow control products.

### **Sinoref (HK)**

On 17 February 2010, Sinoref (HK) was incorporated under the Companies Ordinance in Hong Kong for the purpose of acting as the intermediate company of our Group with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On the same date, Sinoref (HK) allotted and issued one share to Sinoref (BVI). Sinoref (HK) had been a wholly-owned subsidiary of Sinoref (BVI) since its incorporation and up to the Latest Practicable Date.

### **Sinoref (BVI)**

On 12 January 2010, Sinoref (BVI) was incorporated in BVI for the purpose of acting as the intermediate company of our Group with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the same date, Sinoref (BVI) allotted and issued one share to Sinoref International.

Pursuant to the Reorganisation, Sinoref (BVI) further allotted and issued, credited as fully paid, one share in its capital to Sinoref International on 25 March 2010. Pursuant to a share purchase agreement dated 7 June 2010 and entered into by, among other parties, Sinoref International as vendor and our Company as purchaser for the acquisition of the entire issued share capital in Sinoref (BVI), being two shares of US\$1.00, in consideration of and in exchange for which our Company (i) credited as fully paid at par the 1,000,000 nil-paid Shares then held by the shareholders of Sinoref International; and (ii) allotted and issued, at the direction of Sinoref International, 1,000,000 Shares credited as fully paid to the shareholders of Sinoref International in proportion to their respective shareholdings in Sinoref International. Sinoref (BVI) was a wholly-owned subsidiary of our Company as at the Latest Practicable Date.

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### Our Company

For the purpose of Listing, our Company was incorporated on 4 February 2010 in the Cayman Islands as an exempted company with limited liability, which became the ultimate holding company of our Group as a result of the Reorganisation. Details of the Reorganisation are set out in the section headed “Reorganisation” in this prospectus.

For charts illustrating the shareholding structure of our Group (i) after the Reorganisation and immediately prior to the Global Offering and the Capitalisation Issue; and (ii) following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and that no Shares have been issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), please refer to the section headed “Reorganisation” in this prospectus.

### OUR BUSINESS HISTORY

In 2005, Mr. Xu and Dr. Zhang, who have extensive experience in the advanced steel flow control products industry of more than 25 years, founded our Group by setting up Sinoref (Yixing) to engage in the advanced steel flow control products business.

Soon after the setting up of Sinoref (Yixing), we commenced the design and construction of our production plant in the Zhuqiao Industrial Zone, Yixing, Jiangsu Province, the PRC. The construction of our plant and installation and trial-run of our production equipment was completed in about one year in 2006. During the period, we formulated our sales and marketing strategies and built our core management team. We established customer relationship with our targeted medium-size steel manufacturing companies as our pioneer customers from the past working and business experiences of our founders. We then tailored-made our products for use in their production facilities.

In December 2006, trial production of our products was completed and they were test-run in our target customers’ steel plants in January 2007. Our products successfully passed the various tests required by our target customers and we began to supply our products to two steel manufacturing companies in the first quarter of 2007.

In November 2007, we began our technological cooperation with IMUST for the development of products and CSP Subentry Nozzles (開發CSP浸入式水口項目) (the “**CSP Project**”). At the end of 2007, the number of our customers grew from two to seven.

We have continued to expand our sales and marketing effort and diversified our product range to meet the requirements of different steel manufacturing companies. By the end of 2009, the number of our customers had grown to 18 and as at the Latest Practicable Date, our customer base further grew to 20, many of which are members of prominent steel manufacturing groups in the PRC.

We have our in-house research and development team. As at the Latest Practicable Date, we had obtained two patent registrations (both in respect of utility) for our new product 薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process) developed under the CSP Project and our product 可控制流入氣體的整體式塞棒 (Mono block Stopper with controlled gas flow) respectively. We had also made applications for patent registrations for 薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process) developed under the CSP Project and 可控制流入氣體的整體式塞棒 (Mono block Stopper with controlled gas flow) (both in respect of invention), another two new products (in respect of utility and invention), and one product (in respect of utility) developed by us during the Track Record Period.

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Below are the milestones in our business development since our establishment in 2005 and up to the Latest Practicable Date:

<b>Time</b>	<b>Event</b>
July 2005	Establishment of Sinoref (Yixing)
November 2005-2006	Construction of our production plant
December 2006	Commenced trial production
February 2007	Commenced supply of our products to the Yunan Kunming Iron and Steel Company (who becomes a member of Wuhan Steel Group)
March 2007	Commenced supply of our products to the Baosteel Group
May 2007	Commenced supply of our products to the Hangzhou Steel Group
October 2007	Entered into a framework cooperation agreement with IMUST for the development of our products
November 2007	Began cooperation with IMUST for the CSP Project
December 2007	<ul style="list-style-type: none"><li>- Number of customers grew to seven</li><li>- Sales volume amounted to 1,027 tonnes of our products</li></ul>
December 2008	<ul style="list-style-type: none"><li>- Cooperation with IMUST in a project to improve the Meishan #2 Casting Machine Subentry Nozzles (梅山#2鑄機浸入式水口優化項目)</li><li>- Number of customers grew to 11</li><li>- Sales volume amounted to 1,713 tonnes of our products</li></ul>

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January 2009	Accredited as an Environmental Advanced Unit (環境創優先進單位) in 2008 by Chinese Communist Jiangsu Yixing Economic Development Zone Working Committee (中共江蘇宜興經濟開發區工作委員會) and Jiangsu Yixing Economic Development Zone Administrative Committee (江蘇宜興經濟開發區管理委員會)
April 2009	Applied for patent registration (in respect of both invention and utility) in respect of the new product 薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process) developed under the CSP Project
June 2009	Exhibited our products in an international conference for thin slab casting in Nanjing to international steel manufacturing companies
July 2009	Applied for patent registration (in respect of both invention and utility) in respect of a new product 可控制流入氣體的整體式塞棒 (Mono block Stopper with controlled gas flow)
September 2009	Accredited with ISO 9001 quality management system certification by the Beijing BTIHEA Certification Co., Ltd. (北京博天亞認證有限公司) in respect of our manufacture and service of alumina carbon isostatic products (being the formal name of our products) (in permission scope)
October 2009	Commenced supply of our products to the Wuhan Steel Group
December 2009	<ul style="list-style-type: none"><li>- Number of customers grew to 18</li><li>- Sales volume amounted to 3,972 tonnes of our products</li><li>- Casco (USA) Inc. entered into a cooperation agreement with us regarding thin strip casting technology</li></ul>
January 2010	<ul style="list-style-type: none"><li>- Obtained patent registration (in respect of utility) for our new product 薄板坯浸入式水口 (Subentry Nozzle for thin slab casting process) developed under the CSP Project</li></ul>

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- Entered into a memorandum of understanding with Carboref GMBH (“Carboref”), an established global player in the trading of steel flow control products, in respect of the sale of our products into Europe, details of which are disclosed in the paragraph headed “Business strategies” in the section headed “Business” in this prospectus. Order has been placed by Carboref for our products for trial purposes
  
- February 2010

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Entered into a framework agreement with Sinosteel Shanghai Company (“Sinosteel”) in respect of the sale of our products into Korea and Taiwan, details of which are disclosed in the paragraph headed “Business strategies” in the section headed “Business” in this prospectus
  
- Entered into an agreement with Shanghai University (上海大學) for the joint research and development of steel flow distributors and side dams for the thin strip casting process
  
- March 2010

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Applied for patent registration (in respect of utility) in respect of a new product 一種內裝浸入式水口 (A built-in Subentry Nozzle)

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Applied for patent registration (in respect of both invention and utility) in respect of a new product 複合式棒頭結構塞棒 (Compound-head structured Stopper)
  
- May 2010

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Obtained patent registration (in respect of utility) for our new product 可控制流入氣體的整體式塞棒 (Mono block Stopper with controlled gas flow)