

## 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 document 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 this section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

According to the China Plastic Machine Industry Association, in 2005, the Group was the largest producer of plastic injection moulding machines by production volume in the world, accounting for approximately 17% of the world's total production volume, and the fifth largest in terms of revenue in the world. The Group was also the largest producer of plastic injection moulding machines in China in terms of revenue and production volume in each of 2003, 2004 and 2005. In 2003, 2004 and 2005, the Group produced approximately 11,700, 14,200 and 14,600 units, respectively, of plastic injection moulding machines, which accounted for approximately 22.9%, 23.1% and 28.1% of the total production volume of plastic injection moulding machines in China. In addition, the Group has approximately 60% of the market share for medium-to-large tonnage plastic injection moulding machines in China. The Directors believe that the Group has established its leading position in China's plastic injection moulding machinery industry based on its track record of continuously meeting or exceeding the needs of its end-user customers through its quality products, customer-oriented services and commitment to research and development and innovation.

The Group primarily designs, develops, manufactures, sells and supports plastic injection moulding machines and related parts which are used by its end-user customers across many industries, such as automotive, construction materials, healthcare, logistics, packaging, IT, household appliances, electronics and other consumer products, to produce plastic products and parts. The Group's end-user customers include some of the world's and China's leading brands such as Guangzhou Honda (廣州本田), Dongfeng Peugeot Citroën (神龍汽車), Haier (海爾), TCL, Hisense (海信), Wuliangye (五糧液), BYD (比亞迪) and Hayao Pharmaceutical (哈藥). The Group also provides value-added services such as factory planning, product training, system integration and product maintenance and repair to its end-user customers. Since commencing its production of plastic injection moulding machines, the Group has grown its customer base and expanded its product portfolio. The Group operates its business primarily in China and selected markets overseas, and markets its product lines predominantly under the brand name “Haitian”, which is regarded as one of the leading brands in China's plastic processing machinery industry and a well-known brand in the global plastic processing machinery industry according to Freedonia. Under the “Haitian” brand, there is a sub-brand “Tianjian”. The products marketed under the “Tianjian” sub-brand are certain hydraulic plastic injection moulding machines with clamping forces ranging from 86 metric tons to 1,000 metric tons.

The Group sells its products to end-user customers in over 80 countries worldwide. The Directors believe that the Group offers the widest range of plastic injection moulding machines in China. The Group's products are divided into two segments: (i) small tonnage

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plastic injection moulding machines with clamping forces of up to 500 metric tons, and (ii) medium-to-large tonnage plastic injection moulding machines with clamping forces of more than 500 metric tons.

The Group is committed to research and development and was recognised as a national technology centre (國家認定企業(集團)技術中心) in 2005 by the State Administration of Taxation, the Ministry of Finance, the National Development and Reform Commission and the General Administration of Customs of China. The Group currently produces hydraulic plastic injection moulding machines with clamping forces of up to 4,000 metric tons, hydraulic-electric plastic injection moulding machines with clamping forces of up to 2,400 metric tons and all-electric plastic injection moulding machines with clamping forces of up to 360 metric tons. According to the Ningbo Economy Committee (寧波市經濟委員會), the Group was the first domestic producer to produce plastic injection moulding machines with clamping forces of up to 2,500 and 3,600 metric tons. According to the China Plastic Machine Industry Association, the Group was the first domestic producer to produce plastic injection moulding machines with clamping forces of up to 4,000 metric tons. According to the Ningbo Science Technology Bureau (寧波市科學技術局), the Group was the first domestic producer to (i) produce two-platen plastic injection moulding machines with clamping forces of up to 2,000 metric tons and (ii) mass produce all-electric plastic injection moulding machines. The Directors believe that the Group has the capability to produce plastic injection moulding machines with clamping forces of up to 6,000 metric tons. In addition, the Group has the leading technology for all-electric plastic injection moulding machines among domestic producers.

The Directors believe that the Group has some of the most advanced and efficient production facilities for producing plastic injection moulding machines in China. The Group's headquarter is located in Ningbo and its manufacturing facilities are located in Ningbo, Guangzhou and Wuxi, China. In addition, the Group has established a strong network of third-party sales agents and distributors worldwide and service centres in China and Italy.

The Directors believe that the Group's technological expertise, product quality, research and development capability, sales and services network and customer-oriented services have allowed its sales to grow from approximately RMB2,006.7 million in 2003 to approximately RMB2,577.6 million in 2005. For 2005, the Group's EBITDA and operating profit were approximately RMB436.0 million and RMB357.9 million, respectively. The Group has maintained gross profit margins of above 25% in each of 2003, 2004 and 2005.

## COMPETITIVE STRENGTHS

The Directors believe that the Group has the following principal strengths to compete in the plastic injection moulding machinery industry:

- Leading market position with strong brand;
- Strong manufacturing capability;
- Large-scale, cost-effective operations and strategic location in China;
- High quality products;
- Strong research and development capabilities and commitment to innovation;
- Diversified business profile;
- Strong network of third-party sales agents and distributors;
- Customer-oriented services; and
- Experienced and stable management team.

## BUSINESS STRATEGIES

To maximise shareholder value, the Group's principal business strategies are:

- Increase market share in China and overseas;
- Continue to invest in research and development to develop higher-margin, higher value-added products;
- Further increase production capacity and efficiency; and
- Pursue strategic acquisitions and joint ventures overseas.

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## SUMMARY FINANCIAL INFORMATION

For 2003, 2004, 2005 and the six months ended 30 June, 2006, the Group's sales were approximately RMB2,006.7 million, RMB2,594.1 million, RMB2,577.6 million and RMB1,566.6 million, respectively, and combined profits attributable to the equity holders of the Company were approximately RMB303.6 million, RMB262.3 million, RMB306.9 million and RMB227.0 million, respectively.

The following tables summarise the Group's combined audited financial information as at and for the years ended 31 December, 2003, 2004 and 2005 and the six months ended 30 June, 2006. This summary financial information was extracted from the Accountants' Report in Appendix I to this prospectus and you should read the entire audited financial statements, including the notes thereto, included in Appendix I for more details.

### Selected income statement data

	For the year ended 31 December,						For the six months ended			
	2003		2004		2005		2005		30 June, 2006	
	<i>(Unaudited)</i>									
	<i>(in thousands of RMB, except percentages)</i>									
Sales	2,006,663	100%	2,594,074	100%	2,577,589	100%	1,246,950	100%	1,566,648	100%
Cost of sales	<u>(1,440,704)</u>	<u>71.8</u>	<u>(1,903,796)</u>	<u>73.4</u>	<u>(1,868,213)</u>	<u>72.5</u>	<u>(928,825)</u>	<u>74.5</u>	<u>(1,124,952)</u>	<u>71.8</u>
Gross profit	565,959	28.2	690,278	26.6	709,376	27.5	318,125	25.5	441,696	28.2
Selling and marketing expenses	<u>(141,127)</u>	<u>7.0</u>	<u>(214,227)</u>	<u>8.3</u>	<u>(202,733)</u>	<u>7.9</u>	<u>(109,677)</u>	<u>8.8</u>	<u>(126,326)</u>	<u>8.1</u>
General and administrative expenses	<u>(124,440)</u>	<u>6.2</u>	<u>(199,609)</u>	<u>7.7</u>	<u>(149,549)</u>	<u>5.8</u>	<u>(76,684)</u>	<u>6.1</u>	<u>(86,057)</u>	<u>5.5</u>
Operating profit before other gains — net	300,392	15.0	276,442	10.6	357,094	13.9	131,764	10.6	229,313	14.6
Other gains — net	<u>42,209</u>	<u>2.1</u>	<u>36,574</u>	<u>1.4</u>	<u>850</u>	<u>0.0</u>	<u>12,724</u>	<u>1.0</u>	<u>34,125</u>	<u>2.2</u>
Operating profit	342,601	17.1	313,016	12.1	357,944	13.9	144,488	11.6	263,438	16.8
Finance costs	<u>(2,689)</u>	<u>0.1</u>	<u>(4,014)</u>	<u>0.2</u>	<u>(6,362)</u>	<u>0.2</u>	<u>(3,210)</u>	<u>0.3</u>	<u>(5,526)</u>	<u>0.4</u>
Share of profit/(loss) of associates	<u>930</u>	<u>0.0</u>	<u>3,629</u>	<u>0.1</u>	<u>(193)</u>	<u>0.0</u>	<u>(176)</u>	<u>0.0</u>	<u>50</u>	<u>0.0</u>
Profit before income tax	340,842	17.0	312,631	12.1	351,389	13.6	141,102	11.3	257,962	16.5
Income tax expense	<u>(10,214)</u>	<u>0.5</u>	<u>(22,420)</u>	<u>0.9</u>	<u>(22,056)</u>	<u>0.8</u>	<u>(7,369)</u>	<u>0.6</u>	<u>(19,736)</u>	<u>1.3</u>
Profit for the year/period	<u><u>330,628</u></u>	<u><u>16.5</u></u>	<u><u>290,211</u></u>	<u><u>11.2</u></u>	<u><u>329,333</u></u>	<u><u>12.8</u></u>	<u><u>133,733</u></u>	<u><u>10.7</u></u>	<u><u>238,226</u></u>	<u><u>15.2</u></u>
Attributable to:										
Equity holders of the Company	303,558		262,275		306,898		124,235		227,027	
Minority interest	<u>27,070</u>		<u>27,936</u>		<u>22,435</u>		<u>9,498</u>		<u>11,199</u>	
	<u><u>330,628</u></u>		<u><u>290,211</u></u>		<u><u>329,333</u></u>		<u><u>133,733</u></u>		<u><u>238,226</u></u>	
Dividends	<u><u>27,973</u></u>		<u><u>30,370</u></u>		<u><u>30,370</u></u>		<u><u>—</u></u>		<u><u>—</u></u>	

## **Financial Information of the Non-transferred Companies**

Prior to the Reorganisation, the companies now comprising the Group and the Non-transferred Companies conducted the Group's plastic injection moulding machinery business as an integral operation by engaging in various aspects of the business from procurement, processing and assembly to sales to customers. Upon the completion of the Reorganisation, the Non-transferred Companies, other than Haitian Brazil and Haitian Turkey, ceased their operations in the plastic injection moulding machinery business and transferred all operating assets essential to conduct such business to the companies now comprising the Group. After the Reorganisation, the companies now comprising the Group independently conducted the plastic injection moulding machinery business, comprising the research and development, procurement, production and sales of plastic injection moulding machines.

As the Non-transferred Companies had not been separately managed from the companies now comprising the Group in the conduct of the plastic injection moulding machinery business prior to 30 April, 2006, their results, cashflows and financial positions constituted only part of the results, cashflows and financial positions of the entire plastic injection moulding machinery business during the Track Record Period. Accordingly, the selected financial information of the Non-transferred Companies as set out below should be read in conjunction with (i) the paragraph headed "Financial Information of the Non-transferred Companies" under the section headed "Financial Information" in this prospectus for the combined results, the combined net cashflows and the combined balance sheets of the Non-transferred Companies and (ii) the Accountants' Report of the Group for 2003, 2004 and 2005 and the six months ended 30 June, 2006 as set forth in Appendix I to this prospectus.

The following table sets forth the combined results of Non-transferred Companies, including transactions with companies now comprising the Group, for 2003, 2004, 2005 and up to the completion of the Reorganisation as at 30 April, 2006, when the assets and liabilities retained by the Non-transferred Companies were reflected as a distribution made to the equity holders of those companies.

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The combined results of the Non-transferred Companies are analyzed below:

	For the year ended 31 December,			For the four months ended 30 April,	
	2003	2004	2005	2005	2006
	<i>(in thousands of RMB)</i>				
	<i>(unaudited)</i>				
Sales of plastic injection moulding machines and related parts <sup>(1)</sup>	1,414,977	2,277,007	1,710,339	551,477	31,808
Other Businesses	<u>1,294</u>	<u>20,556</u>	<u>41,630</u>	<u>19,295</u>	<u>41,441</u>
Total sales	<u><u>1,416,271</u></u>	<u><u>2,297,563</u></u>	<u><u>1,751,969</u></u>	<u><u>570,772</u></u>	<u><u>73,249</u></u>
Gross profit	<u>82,068</u>	<u>205,113</u>	<u>103,064</u>	<u>33,993</u>	<u>16,807</u>
<b>Net (loss)/profit before dividend income and other losses</b>	<b>(12,013)<sup>(2)</sup></b>	<b>67,094<sup>(3)</sup></b>	<b>8,608<sup>(4)</sup></b>	<b>(1,020)</b>	<b>(3,270)</b>
Dividend income received from companies now comprising the Group	194,107	255,516	197,299	186,698	384,537
Losses arisen from waived amount due from companies now comprising the Group	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(119,013)</u>
Net profit	<u><u>182,094</u></u>	<u><u>322,610</u></u>	<u><u>205,907</u></u>	<u><u>185,678</u></u>	<u><u>262,254</u></u>
Attributable to:					
plastic injection moulding machinery business	181,123	320,307	202,343	185,618	256,678
Other Businesses	<u>971</u>	<u>2,303</u>	<u>3,564</u>	<u>60</u>	<u>5,576</u>
	<u><u>182,094</u></u>	<u><u>322,610</u></u>	<u><u>205,907</u></u>	<u><u>185,678</u></u>	<u><u>262,254</u></u>

Notes:

- (1) Such sales of the Non-transferred Companies during the three years ended 31 December, 2003, 2004 and 2005 and the four months ended 30 April, 2005 and 2006 mainly represented inter-group sales (which were eliminated in the Group's financial statements) of semi-finished goods to the companies now comprising the Group for further processing.

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- (2) The net loss incurred by the Non-transferred Companies in 2003 amounted to approximately RMB12.0 million was mainly attributable to Ningbo Haitian, which formed part of the Non-transferred Companies and was the holding company of the major operating subsidiaries of the Haitian Group prior to the Reorganisation. Ningbo Haitian bore the majority of the corporate expenses and cost of material purchases of the Haitian Group in that year.
- (3) The increase in net profit before dividend income and other losses by approximately RMB79.1 million from 2003 to 2004 was mainly due to the increase in revenue of the Non-transferred Companies by approximately RMB881.3 million, resulting from the sales growth of the Non-transferred Companies and the commencement of operation of Haitian Precision in 2004.
- (4) The decrease in net profit before dividend income and other losses by approximately RMB58.5 million from 2004 to 2005 was mainly due to the decrease in revenue of the Non-transferred Companies by approximately RMB545.6 million, resulting from the gradual transfer of the plastic injection moulding machinery business from HMC to the companies comprising the Group pursuant to the Reorganisation.

### PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER, 2006

Forecast consolidated profit attributable to equity holders

of the Company<sup>(1)</sup> . . . . . not less than RMB422.7 million  
(approximately HK\$419.8 million)

Unaudited pro forma forecast earnings per Share<sup>(2)</sup>. . . . . RMB0.265  
(approximately HK\$0.263)

*Notes:*

- (1) The forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December, 2006 is extracted from the section headed “Financial Information — Profit Forecast” in the prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December, 2006 has been prepared are summarized in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December, 2006 based on the audited combined results of the Group for the six months ended 30 June, 2006, the unaudited combined results of the Group for the three months ended 30 September, 2006 and a forecast of the consolidated results of the Group for the three months ending 31 December, 2006. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 3 of Section II of the Accountants’ Report, the text of which is set out in Appendix I to the prospectus.
- (2) The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December, 2006 by a total of 1,596,000,000 Shares (assuming that the Shares in issue at the date of this prospectus and those Shares to be issued pursuant to the Capitalisation Issue and the Global Offering had been in issue on 1 January, 2006).
- (3) The pro forma financial information has not been prepared in accordance with Hong Kong Financial Reporting Standards.

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## USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$3.36 per Share, being the mid-point of the indicative range of the Offer Price of HK\$2.77 to HK\$3.95 per Share) will be approximately HK\$1,269.4 million. The Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately HK\$625.4 million is expected to be applied for the expansion and upgrade of the Group's production facilities in the following locations as follows:
  - (i) Wuxi — approximately HK\$50.5 million, mainly comprising approximately HK\$20.7 million for the acquisition of the land and the construction of production plants and approximately HK\$29.8 million for the purchase of various production equipment such as grinding machines and laser cutting machines;
  - (ii) Ningbo — approximately HK\$169.7 million, mainly comprising approximately HK\$139.0 million for the acquisition of the land and construction of a production plant and approximately HK\$30.7 million for staff training and the purchase of various production equipment such as CNC machines and lathes;
  - (iii) Guangzhou — approximately HK\$198.6 million, mainly comprising approximately HK\$158.9 million for the acquisition of the land and construction of a production plant and HK\$39.7 million for the purchase of various production equipment such as CNC machines, machining centres, cranes, lathes and painting machines; and
  - (iv) Existing facilities — approximately HK\$206.6 million for the purchase of various production equipment such as CNC machines, machining centres, cranes, lathes and painting machines.
- approximately HK\$132.0 million is expected to be applied for the enhancement of the Group's research and development activities and facilities as follows:
  - (i) New research and development centre — approximately HK\$79.4 million for the establishment or purchase of a new research and development centre in order to enhance the research and development capabilities of the Group for more advanced plastic injection moulding machines;
  - (ii) Strategic alliance — approximately HK\$13.9 million for investment in the existing strategic alliances with BUCT and Zhejiang University for the development of various new technologies and improvement on existing technologies related to plastic injection moulding machines; and
  - (iii) Facilities and equipment — approximately HK\$38.7 million for the purchase of new research and development facilities, equipment and related expenditures.

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- approximately HK\$47.7 million will be used for establishment of 15 new services centres in China by 2008, comprising approximately HK\$37.8 million for the purchase of properties and approximately HK\$9.9 million for decoration and furniture;
- approximately HK\$377.4 million will be used for repayment of bank loans, comprising (i) US\$10.0 million (approximately HK\$77.8 million) and US\$5.0 million (approximately HK\$38.9 million) due to the OCBC Bank, each bearing interest at the rate of one-month LIBOR plus 0.75%, which expires on, in the case of the first loan, the earlier of (a) five business days from the date of the receipt of proceeds from the Listing and (b) 6 June, 2007 and, in the case of the second loan, 5 June, 2007, (ii) RMB150.0 million (approximately HK\$149.0 million) due to The Bank of China bearing interest at the rate of 5.18% per annum which expires on 11 April, 2008 and (iii) RMB112.5 million (approximately HK\$111.7 million) of part of the bank borrowing in the aggregate amount of RMB150.0 million (approximately HK\$149.0 million) due to The Export-Import Bank of China bearing interest at the rate of 3.78% per annum which expires on 31 March, 2008; and
- The balance in an amount of not more than 10% of the aggregate net proceeds will be used for working capital and general corporate purposes.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range, the Company will receive additional net proceeds of approximately HK\$229.5 million which will be allocated for (i) settlement of the remaining portion of the bank borrowing of RMB37.5 million (approximately HK\$37.2 million) due to the Export-Import Bank of China and (ii) the balance of HK\$192.3 million as general corporate and working capital purposes.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range, the net proceeds of the Global Offering will decrease by approximately HK\$229.5 million. Under such circumstances, the Directors intend to reduce the repayment of part of bank borrowing from the Export-Import Bank of China by RMB112.5 million (approximately HK\$111.7 million) and the repayment of part of bank borrowing from The Bank of China by RMB31.0 million (approximately HK\$30.8 million) and reduce the balance for general and working capital by approximately HK\$87.0 million.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, the Directors may allocate part or all of the proceeds to short-term interest-bearing deposits with authorized financial institutions and/or licensed banks in Hong Kong and/or China.

### **THE GLOBAL OFFERING**

The Global Offering by the Group consists of:

- the offer by the Group of initially 39,900,000 Hong Kong Offer Shares for subscription by the public in the Hong Kong Public Offering; and

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- the offering of initially 359,100,000 International Offer Shares by the Group (a) in the United States to qualified institutional buyers (as such term is defined in Rule 144A under the U.S. Securities Act), and (b) outside the United States in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, referred to in this prospectus as the International Offering.

The number of Hong Kong Offer Shares and International Offer Shares, or collectively, Offer Shares, is subject to adjustment and reallocation as described in the section headed “Structure of the Global Offering” in this prospectus. The final number of International Offer Shares is also subject to such number of Shares that may be sold by the Selling Shareholder pursuant to any exercise of the Over-allotment Option.

### GLOBAL OFFERING STATISTICS<sup>(1)</sup>

	<b>Based on Offer Price of HK\$2.77</b>	<b>Based on Offer Price of HK\$3.95</b>
Market capitalization of the Shares <sup>(1)</sup>	HK\$4,420.9 million	HK\$6,304.2 million
Pro forma price/earnings multiple <sup>(2)</sup>	10.5 times	15.0 times
Unaudited pro forma net tangible assets value per Share <sup>(3)</sup>	HK\$1.06 (RMB1.07)	HK\$1.35 (RMB1.36)

*Notes:*

- (1) The calculation of market capitalization is based on 1,596,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The calculation of the prospective price/earnings multiple on a pro forma basis is based on the forecast earnings per Share for the year ending 31 December, 2006 on a pro forma basis at the respective Offer Prices of HK\$2.77 and HK\$3.95.
- (3) The unaudited pro forma net tangible assets value per Share has been arrived at after adjustments referred to in the paragraph headed “Unaudited pro forma statement of net tangible assets” under the section headed “Financial Information” in this prospectus and on the basis of 1,596,000,000 Shares in issue at the respective Offer Price of HK\$2.77 and HK\$3.95 per Share immediately following completion of the Global Offering.

### DIVIDEND AND DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Board and any final dividend for the year is subject to shareholders’ approval. The amount of dividends will depend upon a number of factors, including the Group’s earnings, cash and distributable reserves, investment requirements, working capital requirements, general financial conditions and any other factors considered relevant by the Board.

For 2003, 2004 and 2005, the Group declared dividends of RMB28.0 million, RMB30.4 million and RMB30.4 million, respectively.

The Board will not be declaring a dividend for the 2006 financial year to the shareholders of the Company. Subject to the availability of the Group’s cash and distributable reserves and its investment, cashflow and working capital requirements, the Board intends to make a distribution to shareholders of the Company of approximately 33.0% of the Group’s net profits attributable to the equity holders of the Company for the 2007 financial year as dividends.

## RISK FACTORS

The Group's operations and industry 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 related to the Group

- The Group depends on third-party sales agents and distributors to sell most of its products and provide part of its after-sales services.
- The Group is exposed to payment delays and/or default by its customers.
- The Group provides guarantees on bank loans to some of its end-user customers and may be required to repay such loans if these customers default.
- The Group's future profitability may be adversely affected by its reliance on the China market.
- The Group may experience a decline in its overall gross profit margin as a result of changes in its product sales mix.
- The exclusion of Haitian Brazil and Haitian Turkey from the Group as part of the Reorganisation may adversely affect the Group's sales in the markets previously serviced by these entities.
- The Group offers comprehensive warranty and maintenance services which may increase its warranty cost, maintenance cost and related overhead cost.
- The Group has experienced difficulties in managing the operation of its overseas companies and there can be no assurance that the remedial measures to be implemented by the Group will be followed consistently and effectively as planned.
- The Group's increasingly significant international operations subject it to risks such as unfavourable regulatory, economic, political, labour, foreign exchange and tax conditions.
- The Group may be unable to respond in an efficient and timely manner to technological changes in the industry and could lose customers as a result.
- The Group may not be able to adequately protect its intellectual property rights and disputes over intellectual property rights could be costly and could deprive the Group of technologies that it needs to remain competitive.
- The Group's insurance coverage may not be sufficient to cover the risks related to its business operations.
- The Group may not be able to implement its future plans efficiently or at all.
- The Group's future performance is dependent on its ability to attract and retain key personnel and skilled manufacturing workers.

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- The Group may not be able to identify suitable acquisition targets or successfully integrate any future acquisitions into its business.
- The Group's PRC subsidiaries provide social insurance and housing funds to their employees in accordance with the relevant local government's implementation policies on the requirements under the relevant PRC national labour laws and regulations which are less stringent than the actual requirements.

### **Risks related to the industry**

- Fluctuations in the price of crude oil may adversely affect the demand for plastic injection moulding machines.
- The plastic injection moulding machinery industry is highly competitive and the Group may not be able to compete effectively.
- The Group is currently experiencing increased price competition in China in the small tonnage hydraulic plastic injection moulding machinery segment, in particular, those machines with clamping forces of less than 200 metric tons.
- The demand for plastic injection moulding machines depends on the cyclical nature of the industries in which its end-user customers operate.
- The Group is subject to increases and fluctuations in the prices of, and shortages and delays in, the supply of raw materials, components and parts.

### **Risks related to the Group's operations in the PRC**

- Changes in China's political, economic and social conditions, laws, regulations and policies may have an adverse effect on the Group.
- Government control of currency conversion and future movements in exchange rates may adversely affect the Group's business operations.
- China's legal system embodies uncertainties that could adversely affect the Group's business and results of operations, and the interest of investors in the Shares.
- A change in the Group's tax benefits, including preferential corporate tax rates, in China may have a negative impact on the Group's results of operations.
- Failure to comply with environmental regulations could harm the Group's business.
- It may be difficult to effect service of process upon the Company or the Directors who live in China or to enforce against it or them in China judgments obtained from non-PRC courts.
- An outbreak of the H5N1 strain of bird flu, or Avian Flu, or any other similar epidemic may, directly or indirectly, adversely affect the Group's results of operations and the price of the Shares.

## SUMMARY

- The Group's corporate structure may restrict its ability to receive dividends from, and transfer funds to, its PRC operating subsidiaries, which could restrict the Company's ability to declare dividends to its shareholders, act in response to changing market conditions and reallocate funds from one PRC subsidiary to another in a timely manner.
- The PRC government's recent measures to tighten fixed investment and credit control in the banking and other sectors may adversely affect the Group's suppliers and end-user customers in China.
- Failure or inability of a member of the Controlling Shareholders to comply with SAFE Notice 75 could subject the Company's subsidiaries in China to fines and legal sanctions, restrict the Company's additional investments in those subsidiaries, or limit those subsidiaries' ability to make distributions or pay dividends outside of China.

### **Risks related to the Global Offering**

- The Controlling Shareholders may take actions that conflict with the best interests of the Company's other shareholders.
- There has been no prior public market for the Shares, and the liquidity, market price and trading volume of the Shares may be volatile.
- Purchasers of the Shares will experience immediate dilution and may experience further dilution if the Company issues additional Shares in the future.
- Future sales by the Company's current shareholders of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares.
- Forward-looking information may prove inaccurate.
- Investors may face difficulties in protecting their interests because the Company is incorporated under Cayman Islands law, which law may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions.
- Certain facts and other statistics with respect to China, the PRC economy and the plastic injection moulding machinery industry in this prospectus are derived from various official sources and may not be reliable.
- Potential investors should read the entire prospectus carefully and the Group strongly cautions potential investors not to place any reliance on any information contained in press articles or disseminated through other media relating to the Group and/or the Global Offering, certain of which may not be consistent with the information contained in this prospectus.