

**SINOREF HOLDINGS LTD:
TARGET HAS A LITTLE PROBLEM
WITH THIS INITIAL PUBLIC OFFERING**

If the commissions statement, outlined in the Global Offering Prospectus of Sinoref Holdings Ltd () (Code: 1020, Main Board, The Stock Exchange of Hongkong Ltd) is not an indication of fear by Senior Management that the flotation may, like a number of others of late, flop, **TARGET** () would be very surprised.

At Page 180 of the Global Offering Prospectus, it is stated that the underwriting commission would be 3.50 percent and that there would be, also, a One-percent incentive fee, based on the Offer Price per Share – between 71 cents and 83 cents.

In addition, there is to be an additional incentive fee of 0.50 percent on the Offer Price to be paid to the Joint Bookrunners *‘if the Over-allotment Option is exercised subject to the terms of the Underwriting Agreements.’*

Based on the Offer Price per Share of 77 cents, the underwriting commission and incentive fees come to about \$HK13.50 million, one is told.

Other costs to be incurred by this Company, going public on the Main Board of The Stock Exchange of Hongkong Ltd, come to about \$HK27.80 million, it is stated.

In aggregate, therefore, Sinoref Holdings Ltd is committed to pay about \$HK21.38 million for the costs of going public after a deduction of 23.10 percent of \$HK27.80 million, that amount of money, being about \$HK6.42 million which is payable by the Selling Shareholders, plus \$HK13.50 million, being underwriting commissions and incentive fees.

In terms of the gross income from selling 300 million, New 10-cent Shares to the investing public of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) and to International Investors at the Notional Offer Price per Share of 77 cents – about \$HK231 million – Management has committed the Company to pay out not less than \$HK34.88 million, or about 15.10 percent of that gross.

The Joint Bookrunners and Joint Lead Managers are DBS Asia Capital Ltd () and Kim Eng Securities (Hongkong) Ltd ([]).

The Business

Sinoref Holdings Ltd describes its business at Page 90 of its Global Offering Prospectus, thusly:

‘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. During the Track Record Period, the revenue generated from the sales of our advanced steel flow control products, amounted to approximately RMB40.0 million, RMB67.2 million and RMB156.9 million, respectively.’

'Our products are specifically designed for use at the stage of continuous casting. 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.'

The Company is about 5 years old with the establishment of Sinoref International (Yixing) Company Ltd ([]) on July 20, 2005.

The Founders of this company, which is wholly owned subsidiary of Sinoref Holdings Ltd, were Mr Xu Ye Jun () ... [CLICK TO ORDER FULL ARTICLE](#)

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