

## CONTROLLING, SUBSTANTIAL AND SELLING SHAREHOLDERS

### Substantial Shareholders

So far as our Directors are aware, immediately following completion of the Global Offering (without taking into account (1) any Shares which may be allotted and issued or transferred pursuant to the exercise of (i) the Over-allotment Option; (ii) options granted under the Pre-IPO Share Option Scheme; or (iii) any options that may be granted under the Share Option Scheme and (2) the arrangement among Mr. Suolang, Nice Ace and Investec Bank), the following persons will have interests or short positions in any Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

### Interests in our Company

#### (i) Long position in the Shares

Name of Shareholder	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Nice Ace <sup>(1)</sup> .....	Beneficial owner	828,864,400	43.1%
Mr. Suolang Duoji <sup>(2)</sup> .....	Interest of a controlled corporation	828,864,400	43.1%
Mandra Mirabilite <sup>(3)</sup> .....	Beneficial owner	266,238,000	13.8%
Woo Foong Hong <sup>(4)</sup> .....	Interest of a controlled corporation	266,238,000	13.8%
Moonchu <sup>(5)</sup> .....	Interest of a controlled corporation	266,238,000	13.8%

Notes:

- (1) Nice Ace, a limited liability company incorporated in the BVI, is wholly owned by Mr. Suolang Duoji.
- (2) Mr. Suolang Duoji is deemed to have an interest in the 828,864,400 Shares held by Nice Ace under the provisions of the SFO.
- (3) Mandra Mirabilite, a limited liability company incorporated in the BVI, is wholly owned by Woo Foong Hong.
- (4) Woo Foong Hong, a limited liability company incorporated in the BVI, is wholly owned by Moonchu and is deemed to have an interest in the 266,238,000 Shares held by Mandra Mirabilite under the provisions of the SFO.
- (5) Moonchu, a tax-exempt charity established by Mr. Zhang Songyi and his family, holds the entire share capital of Woo Foong Hong which in turn held the entire issued share capital of Mandra Mirabilite. Moonchu is deemed to have an interest in the 266,238,000 Shares held by Mandra Mirabilite under the provisions of the SFO.

#### (ii) Short position in the Shares

Name of Shareholder	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding
Nice Ace .....	Beneficial owner	55,714,286	2.9%
Mr. Suolang Duoji .....	Interest of a controlled corporation	55,714,286	2.9%

Note:

On November 11, 2008, Mr. Suolang Duoji and Nice Ace entered in to a loan agreement with Investec Bank, pursuant to which Investec Bank may in its sole discretion, take delivery of the 55,714,286 Shares currently owned by Nice Ace after Listing in lieu of cash repayment of the loan if our Company completes an initial public offering within 18 months after the drawdown date. If Investec Bank elects to take delivery of the Shares, the percentage holding of Nice Ace will decrease accordingly. See “History, Reorganization and Corporate Structure — Loan Agreement between Mr. Suolang and Investec Bank”.

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### Interests in Chuanmei Mirabilite

<u>Name</u>	<u>Approximate Percentage of Equity Interest</u>
Sichuan First .....	10%

Save as disclosed above, the Directors are not aware of any other person who will, immediately following the completion of the Global Offering and taking no account of (1) any Shares which may be allotted and issued or transferred pursuant to the exercise of (i) the Over-allotment Option; (ii) options granted under the Pre-IPO Share Option Scheme, or (iii) any options which may be granted under the Share Option Scheme and (2) the arrangement among Mr. Suolang, Nice Ace and Investec Bank, have beneficial interests or short positions in any Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

### Selling Shareholders

<u>Name</u>	<u>Number of Shares Sold</u>
Nice Ace .....	142,142,000
Mandra Mirabilite .....	7,362,000
AAA Mining .....	3,346,000
Mandra Esop .....	7,361,000
Credit Suisse International, one of the Warrant Holders <sup>(1)</sup> .....	11,041,000
Credit Suisse, Singapore Branch, one of the Warrant Holders .....	1,948,000

*Note:*

*(1) Pursuant to certain sub-participation agreements and credit default swap arrangements, Credit Suisse International is selling these Shares on behalf of itself and the Financial Investors. At or about the time of the Listing, 49,811,400 Shares held by Credit Suisse International on behalf of the Financial Investors will be transferred to the Financial Investors, and upon the completion of such transfer, each Financial Investor will not hold more than 1% of the enlarged issued share capital of our Company.*

### Controlling Shareholder

Immediately following the completion of the Global Offering, Mr. Suolang Duoji will, through his shareholding in Nice Ace, own approximately 43.1% of the post offering enlarged issued share capital of our Company (assuming the Over-allotment Option, any options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme are not exercised and without taking into account of the arrangement among Mr. Suolang, Nice Ace and Investec Bank) and hence will continue to be the Controlling Shareholder of our Company.

Mr. Suolang Duoji, being the Controlling Shareholder, will in effect be able to control the management, policies and business of our Company subject to the Memorandum and Articles of Association and applicable laws and regulations. He will be able to exercise significant influence over the composition of the Board, the selection of the senior management, the timing and amount of the dividend payments, the annual budget and other important corporate transactions of our Group.

Save as disclosed in the section headed “Controlling, Substantial and Selling Shareholders — Financial independence” and elsewhere in this prospectus, as of the Latest Practicable Date, there was no amount due to or from our Group and Mr. Suolang Duoji or his affiliates, and save and except the guarantee and indemnity, being item (25) of the “Summary of material contracts” in Appendix VII to this prospectus, there were not any

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guarantees or indemnities provided by Mr. Suolang Duoji and his affiliates for the benefit of our Group. The Directors believe that our Group is able to maintain financial independence from Mr. Suolang Duoji and his affiliates.

### **Other Businesses of the Controlling Shareholder**

As of the Latest Practicable Date, apart from his interest in our Group, Mr. Suolang Duoji, has a controlling interest in Haton.

The principal businesses of Haton are the production and development of PPS resin, PPS compounds and PPS fibre, which are primarily used in the electrical/electronic, automotive and mechanical/industrial environmental protection industries, and are distinctly different and are not related to the businesses of our Group. As such, there is generally no competition between our Group's and Haton's businesses. Mr. Suolang Duoji has also confirmed that, as of the Latest Practicable Date, Haton does not carry on or participate in any business which is or may be in competition with the businesses of our Group.

Mr. Suolang Duoji is not engaged in any other business which is or may be in competition with the businesses of our Group.

### **Independence of Our Group from the Controlling Shareholder**

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholder and his associates after the Global Offering.

#### ***Management independence***

The Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Our non-executive Director and chairman, Mr. Suolang Duoji and two non-executive Directors, Mr. Zhang Songyi and Mr. Wang Chun Lin are also directors of Haton, a company controlled by Mr. Suolang Duoji.

Our Directors confirm that, as of the Latest Practicable Date, Mr. Suolang Duoji, Mr. Zhang Songyi and Mr. Wang Chun Lin receive a monthly director's fee of HK\$100,000, nil and HK\$50,000 from Haton, respectively. Save as disclosed above, none of our Directors will be on the payroll of Haton after the Global Offering.

Mr. Suolang Duoji, being our non-executive Director and chairman, is responsible for the overall strategic direction of our Group. Mr. Zhang Songyi has extensive experience in investment banking and is capable of providing significant contributions to our Group in respect of corporate finance and mergers and acquisitions activities. Mr. Wang Chun Lin had previously served as the chairman and executive director of a Hong Kong listed company and is experienced in corporate governance and internal control of listed companies.

Mr. Suolang Duoji, the chairman, an executive director and a controlling shareholder of Haton, is responsible for the overall strategy of Haton and the management of the board. Mr. Zhang Songyi, a non-executive director and a substantial shareholder of Haton, is responsible for the corporate finance matters and mergers and acquisition activities of Haton. Mr. Wang Chun Lin, the vice chairman, an executive director and an indirect shareholder of Haton, is responsible for the corporate governance and internal control matters of Haton and assisting Mr. Suolang Duoji in the management of the board. In the event there are conflicts of interests for approving a proposed transaction due to the dual directorship held by Mr. Suolang Duoji, Mr. Zhang Songyi and Mr. Wang Chun Lin at our Company and Haton, they shall, pursuant to the relevant provisions of (i) the Articles of Association and (ii) the articles of association of Haton, abstain from physical meetings and shall not form the relevant quorum in the relevant board meetings of our Company and Haton for approving such

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transaction. Besides, such transaction shall also require the approval by our independent non-executive Directors so as to ensure that the best interests of our Company are being served.

Save as disclosed above, our Directors confirm that they do not hold any directorship in Haton.

Messrs. Suolang Duoqi, Zhang Songyi and Wang Chun Lin are all non-executive Directors and will not be involved in our Group's daily operations. However, in order to discharge their duties (including fiduciary duties and duties of skill, care and diligence) as Directors of our Company, each of these three non-executive Directors confirms and undertakes that he shall allocate approximately 20% of his time or resources to discharge all his aforementioned duties as a non-executive Director of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into among our Group, Mr. Suolang Duoqi, Mr. Zhang Songyi and Mr. Wang Chun Lin and his affiliates and/or any Director or their respective affiliates, the interested Director shall abstain from physical meeting and voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, the Directors are satisfied that the management team of our Company is able to perform its role in our Company independently, and our Directors are of the view that our Company is capable of managing its businesses independently from Mr. Suolang Duoqi and his affiliates.

### *Operational independence*

- (i) Independent access to sources of raw materials for production

Our major suppliers are coal and packaging materials providers, which are all accessible independently from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates for the provision of such raw materials.

- (ii) Independence of production, operation capabilities and clientele

We hold all relevant licenses and assets necessary to operate our businesses, and we have sufficient capital and employees to operate our business independently.

We have not entered into any lease arrangements which will continue upon the Listing with the Controlling Shareholders or entities controlled by either or both of them. No reliance will be made on our Controlling Shareholders in leasing properties for our operations. No service and facilities will be provided by the Controlling Shareholders and/or their associates to us for our operations and as such, we are able to operate independently from the Controlling Shareholders after Listing.

We also have independent access to our customers including domestic end users in powder detergents, glass, textiles and other industries as well as wholesale companies, which are independent from the Controlling Shareholders and their associates. For procuring potential new customers, we have established our own sales and marketing team which is able to operate independently from the Controlling Shareholders and their associates. Our Company independently manages its own sourcing, marketing, distribution and customer relationship operations, and does not rely on the Controlling Shareholders and their associates for access to customers.

### *Financial independence*

Prior to the Listing, Mr. Suolang Duoqi, Nice Ace, AAA Mining, Mandra Esop and Mandra Mirabilite, all being our Connected Persons, have provided certain provisions of financial assistance to our Company (as such

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term is defined under Rule 14A.13(2)(b) of the Listing Rules, hereinafter the “Finance Assistance”) set out below:

- (i) according to the Facility Agreement, the following security documents have been entered into to secure all obligations of our Company and other relevant parties owing under the Facility Agreement, the said security documents and the Instrument Constituting Warrant upon the terms and subject to the conditions contained therein: (i) continuing guarantees and indemnities provided by Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite; (ii) continuing guarantees and indemnities provided by our Company, Rich Light and Top Promise; (iii) a share charge over our Company provided by Nice Ace, AAA Mining, Mandra Esop and Mandra Mirabilite; (iv) a share charge over Rich Light provided by our Company; (v) a share charge over Top Promise provided by Rich Light; (vi) an equity pledge over Chuanmei Mirabilite provided by Top Promise; (vii) an equity pledge over Chuanmei Glauber Salt provided by Top Promise; (viii) an assignment of loan owing to our Company by Top Promise; (ix) a subordination and assignment deed for indebtedness owing to Mr. Suolang Duoji by Top Promise; (x) charges over the accounts in Hong Kong and Singapore; and (xi) charges over the accounts of Top Promise; and
- (ii) Mr. Suolang Duoji has advanced a loan to Top Promise which has been charged and assigned, by way of security, to the security agent under the Facility Agreement in terms of the said subordination and assignment deed.

On May 7, 2009, Top Promise entered into a loan agreement with China Sun Fund whereby China Sun Fund made available to Top Promise a HK\$145.0 million offshore loan for three years from the initial drawdown date. On May 8, 2009, Top Promise and China Sun Fund entered into a subordination and assignment deed for such offshore loan to further secure our obligations under the Facility Agreement. With the consent of the Facility Lenders, by May 8, 2009, Top Promise repaid the indebtedness it owed to Mr. Suolang Duoji in the aggregate amount of HK\$137.8 million, which includes the amount of the loan mentioned in paragraph (ii) above, with the proceeds of an offshore loan with China Sun Fund. No special right was provided to China Sun Fund under the loan arrangement. Upon the Listing, our Company will repay a portion of the outstanding loans owed under the Facility Agreement with the listing proceeds. Since there is a mandatory prepayment provision contained in the Facility Agreement which stipulates that if any member of our Group receives any net proceeds from any issuance of debt or equity securities of our Group or insurance claim, the commitment of each lender of the Facility Agreement shall be reduced rateably by mandatory early prepayment of loans, together with all accrued interest thereon and any break cost relating thereto, and such net proceeds shall be paid into a prepayment account (as defined in the Facility Agreement) pending application of mandatory early prepayment. In view of the above requirements, Mr. Suolang Duoji, Nice Ace, AAA Mining, Mandra Esop, Mandra Mirabilite and the Joint Global Coordinators will arrange for setting up an escrow account with a licensed bank designated by the Joint Global Coordinators for receiving the net listing proceeds and complying with the requirements of mandatory early prepayment provided in the Facility Agreement.

On September 11, 2008, Credit Suisse, Singapore Branch (as security agent) executed a deed of partial release in favor of Nice Ace pursuant to which Credit Suisse, Singapore Branch released the charge over 26,600,000 Shares by Nice Ace. Such Shares were subsequently sold to OSSF Capital on the same date.

The continuing guarantees and indemnities provided by Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite, share charge over our Shares provided by Nice Ace, AAA Mining, Mandra Esop and Mandra Mirabilite, share charge over Rich Light provided by us, share charge over Top Promise provided by Rich Light, equity pledge over Chuanmei Mirabilite provided by Top Promise and equity pledge over Chuanmei Glauber Salt provided by Top Promise will be released immediately prior to the Listing as our Company will repay a portion of the outstanding loans under the Facility Arrangements with the proceeds from the Global Offering. The continuing guarantees and indemnities provided by us, Rich Light and Top Promise, a subordination and assignment deed for

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indebtedness owing to China Sun Fund by Top Promise, charges over our accounts in Hong Kong and Singapore, charges over the accounts of Top Promise and assignment of loan owing to us by Top Promise (collectively, the “Residual Finance Assistance”) will remain effective after the Listing. Since all Finance Assistance (other than the Residual Finance Assistance which shall not constitute our continuing connected transactions under Chapter 14A of the Listing Rules) will be released immediately prior to the Listing, no application for waiver for such continuing connected transactions under Chapter 14A of the Listing Rules is made to the Stock Exchange.

The Warrant Holders exercised their Warrants in full and the legal and beneficial ownership over the 111,993,600 Shares was transferred from Nice Ace to the Warrant Holders on May 14, 2009. The effective price per Share for the Warrant Shares was nil. See “Appendix VIII — Principal Terms and Conditions of the Warrants”.

Our Directors confirm that, our Company is financially independent from Mr. Suolang Duoqi and Haton upon the Listing. All outstanding loans and non-trade payables owed to and from, and/or outstanding financial guarantees or indemnities provided by Mr. Suolang Duoqi and his affiliates have been settled before the Listing and the Directors do not expect our Group to be financially dependent on Mr. Suolang Duoqi after the Listing.

Our Directors believe that our Group is able to obtain further financing such as bank loans, if necessary, upon market terms and conditions without relying further on the financial assistance from Mr. Suolang Duoqi and his affiliates after the Listing. Certain PRC banks, for instance, have granted our Company credit lines without requiring assistance from the Controlling Shareholders or their associates as a pre-condition.

Our Directors also confirm that our Group carried out all its essential administrative operations, such as cash and accounting management, invoicing and billing and other financial and management control systems independently from Mr. Suolang Duoqi and his affiliates. We have established our own accounting, financial and treasury departments independent from Mr. Suolang Duoqi and his associates. See “Business — Compliance”.

Each of the Controlling Shareholders, has provided a non-disposal undertaking to the Stock Exchange and our Company, detailed terms of which are set out in the section headed “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules” in this prospectus.

### **Non-competition Undertaking**

Each of Mr. Suolang Duoqi and Nice Ace has entered into a deed of non-competition dated May 28, 2009 in favor of our Company, pursuant to which Mr. Suolang Duoqi and Nice Ace have undertaken to our Company (for itself and for the benefit of its subsidiaries) that he or it would not, and would procure that his or its affiliates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time. Such non-competition undertaking does not apply where Mr. Suolang Duoqi and Nice Ace or his or its affiliates has interests in the shares of a company whose shares are listed on a recognized stock exchange provided that:

- (i) the total number of the shares held by Mr. Suolang Duoqi and Nice Ace and/or their respective affiliates in aggregate does not exceed 5% of the issued shares of that class of the company in question and Mr. Suolang Duoqi and Nice Ace and/or their respective affiliates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another

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shareholder of that company whose shareholdings in that company is more than the total number of shares held by Mr. Suolang Duoji and Nice Ace and their respective affiliates in aggregate; and

- (ii) the total number of shares held by Mr. Suolang Duoji and Nice Ace and/or their respective affiliates shall not exceed 30% of the issued share capital of that company.

Under this deed of non-competition, Mr. Suolang Duoji and Nice Ace further undertake to our Company that:

- (i) Mr. Suolang Duoji and Nice Ace shall allow, and shall procure that the relevant associates (excluding us) to allow, the independent non-executive Directors to review, at least on an annual basis, Mr. Suolang Duoji and Nice Ace compliance with the deed of non-competition;
- (ii) Mr. Suolang Duoji and Nice Ace shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the deed of non-competition;
- (iii) our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the deed of non-competition either through the annual report, or by way of announcement to the public; and
- (iv) Mr. Suolang Duoji and Nice Ace shall provide to our Company with a confirmation annually for inclusion by our Company in its annual report, in respect of their compliance with the terms of the deed of non-competition.

The “restricted period” stated in the deed of non-competition refers to the period commencing from the date of the deed of non-competition and shall expire on the earlier of (i) the first anniversary of the date on which Mr. Suolang Duoji and Nice Ace cease to have any interest in the issued share capital of our Company; and (ii) the date on which the Shares cease to be listed on the Stock Exchange.

All Directors confirmed that they do not engage in any business which competes, or is likely to compete, directly or indirectly, with our Company’s business.

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### Selling Shareholders

The particulars of each of the Selling Shareholders are set out below (assuming that the Over-allotment Option is not exercised):

Name: Nice Ace Technology Limited  
Place of Incorporation: British Virgin Islands  
Date of Incorporation: March 20, 2007  
Registered Office: Portcullis TrustNet (BVI) Limited  
Portcullis TrustNet Chambers  
P.O. Box 3444  
Road Town, Tortola  
British Virgin Islands  
Shares sold: 142,142,000 Shares

Name: Mandra Mirabilite Limited  
Place of Incorporation: British Virgin Islands  
Date of Incorporation: November 21, 2006  
Registered Office: Portcullis TrustNet (BVI) Limited  
Portcullis TrustNet Chambers  
P.O. Box 3444  
Road Town, Tortola  
British Virgin Islands  
Shares sold: 7,362,000 Shares

Name: AAA Mining Limited  
Place of Incorporation: British Virgin Islands  
Date of Incorporation: May 18, 2007  
Registered Office: Portcullis TrustNet (BVI) Limited  
Portcullis TrustNet Chambers  
P.O. Box 3444  
Road Town, Tortola  
British Virgin Islands  
Shares sold: 3,346,000 Shares

Name: Mandra Esop Limited  
Place of Incorporation: British Virgin Islands  
Date of Incorporation: January 8, 2008  
Registered Office: Portcullis TrustNet Chambers  
P.O. Box 3444  
Road Town, Tortola  
British Virgin Islands  
Shares sold: 7,361,000 Shares



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Name: Credit Suisse International  
Place of Incorporation: United Kingdom  
Date of Incorporation: May 9, 1990  
Registered Office: One Cabot Square  
London  
E14 4QJ  
England  
Shares sold: 11,041,000 Shares

Name: Credit Suisse, Singapore Branch  
Place of Registration: Singapore  
Date of Registration: March 8, 1973  
Address: 1 Raffles Link  
#03/#04-01 South Lobby  
Singapore 039393  
Shares sold: 1,948,000 Shares