Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and all of our Group's operations are conducted in the PRC and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (i) risks relating to our business; (ii) risks relating to the industry which we operate in; (iii) risks relating to conducting business in China; and (iv) risks relating to the Global Offering and our Shares.

RISKS RELATING TO OUR BUSINESS

We rely heavily on the sales of ethylene oxide and surfactants as our major source of revenue. Any change in demand may adversely affect our revenue and profitability

We currently generate a substantial part of our revenue from the sales of chemical products, namely ethylene oxide and downstream surfactants, which in aggregate accounted for approximately 94.2%, 91.9%, 88.8% and 94.3% of the total revenue during the Track Record Period respectively. The demand for and the price of ethylene oxide and surfactants are subject to fluctuations. It is uncertain that we can successfully broaden our revenue sources or, if we can, generate additional revenue at a level comparable to that from the sales of ethylene oxide and surfactants. In the event that there is any material adverse change in the market demand for and/or price of ethylene oxide and surfactants, our revenue and profitability may be materially and adversely affected.

Any shortage in supply of raw materials or fluctuation in the prices of our raw materials may adversely affect our profit margins and results of operation

We source raw materials, in particular, ethylene from a limited number of overseas suppliers as to the best of the knowledge and belief of our Directors, domestic supply of ethylene which can support our production capacity is not currently available in the PRC. According to the SAI Report, approximately 98% of the domestically produced ethylene in China is primarily for internal use by the respective producers to produce various downstream ethylene products. As such, we need to secure ethylene supplies by importing from external sources such as Japan, Korea and other countries.

During the Track Record Period, our five largest raw material suppliers, who were Independent Third Parties, together accounted for approximately 79.3%, 68.0%, 68.9% and 83.1% of our total purchases respectively, and our largest raw material supplier accounted for approximately 47.7%, 65.1%, 40.3% and 47.4% of our total purchases respectively. As the production of ethylene oxide requires large amounts of ethylene, during the Track Record Period the cost of ethylene accounted for approximately 78.8%, 73.7%, 62.1% and 76.4% of our cost of sales respectively. During the Track Record Period, we have had six ethylene suppliers, none of which we had entered into long term contracts with. Instead, we enter into contracts with most of our suppliers on a yearly basis. The prices of ethylene in our annual contracts are agreed between our suppliers and us with reference to the CFR price quoted by ICIS at the time the purchase orders are placed. Our main suppliers of ethylene are reputable companies in Japan. It is our intention to continue purchasing and importing ethylene from these suppliers for the coming years. However, we cannot guarantee that we will be able to renew the agreements with these companies every year, or able to find alternative suppliers in time to replace these companies if we are not able to renew such agreements. Major overseas ethylene manufacturers may suspend production to carry out regular maintenance. Accordingly, the supply of ethylene from overseas into the PRC market will be affected and this, in turn, may translate into fluctuations of ethylene prices. There is no assurance that we will always be able to secure an adequate supply of raw materials at commercially viable prices to meet our future production requirements. Moreover, fluctuations in the prices of our raw materials, especially the market prices of ethylene which are primarily affected by the international crude oil prices, may increase our costs of sales and reduce our gross profit and gross margin. We cannot guarantee that we will not suffer adverse effects from any price increases of raw materials in the future. If we encounter a shortage of raw materials or if we are unable to pass on the price increases of raw materials to our customers in a timely manner, our business and results of operations could be adversely affected.

Our surfactant production may be restricted by our in-house supply of ethylene oxide

During the Track Record Period, we have constantly expanded our surfactant production capacity with an aim to capitalise on an anticipated growing demand for surfactants and their downstream products. In 2008, we expanded our annual aggregate designed production capacity of surfactants to 118,000 MT. Subsequently, we expanded our annual aggregate designed production capacity of surfactants to 218,000 MT in 2010. However, we have not since been able to fully utilise such increased surfactant production capacity partially due to our restrictive in-house supply of ethylene oxide. Due to the keen demand for ethylene oxide, we do not source ethylene oxide from external suppliers. As such, the level of our surfactant production entirely depends on the anticipated amount of ethylene oxide that may be available in-house after taking into account the amount of ethylene oxide sold directly to our customers. As at the Latest Practicable Date, our aggregate designed annual production capacity of ethylene oxide was 120,000 MT. Our Directors anticipate that our existing aggregate designed annual production capacity of ethylene oxide will increase to approximately 180,000 MT by early 2011 following the completion of the third phase construction of the ethylene oxide production facilities of 60,000 MT at our Jiaxing Production Plant. However, we cannot guarantee that we will be able to complete our expansion plans within schedule. In the event where we encounter any unforeseen circumstances that may cause delay in or termination of the construction of our ethylene oxide production facilities, or we choose to increase the direct sales of ethylene oxide after the completion of such construction, the utilisation rate of our surfactant production facilities may remain at a low level and as a result, we may not be able to optimise our surfactant production capacity and derive maximum revenue from our surfactant production facilities. Please refer to the sections headed "Business – Our strategies – Strengthen our leading market position in China through expansion of our production capacity", "Business – Production capacities, production plant and storage facilities – Our Group's expansion plans" and "Future plans and use of proceeds" in this prospectus for further details on our future expansion plans.

We experienced a decrease in gross profit margin for the four months ended 30 April 2010

We experienced a decrease in gross profit margin for the four months ended 30 April 2010. During the Track Record Period, our ethylene oxide recorded a gross profit margin of 23.1%, 25.0%, 29.9% and 20.2% respectively. For the same period, the gross profit margin of our surfactants was 27.5%, 15.2%, 18.1% and 15.2% respectively. The decrease in gross profit margin of our products for the four months ended 30 April 2010 was primarily due to the increase in raw material cost which outpaced the increase in product selling price. During the four months ended 30 April 2010, the average cost of our raw materials consumed, namely ethylene, increased by approximately 53.0% as compared with the average cost in 2009 while the average selling price of our ethylene oxide and surfactants increased by approximately 21.8% and 17.4%, respectively. The increase in cost of ethylene was primarily attributable to the increase in average international crude oil prices from US$63.1 per barrel for the year 2009 to US$78.6 per barrel for the four months ended 30 April 2010. Other supplementary factors contributing to the increase in ethylene prices were an additional 2% customs levy imposed on the import of ethylene commencing from 1 January 2010 and the decrease in the overall supply of ethylene from overseas into the PRC market. During the first four months in 2010, major overseas ethylene manufacturers, namely PTT Chemical Public Company Limited, Exxon Mobil Corporation, Showa Denko K.K., Tosoh Corporation and LG Chem Ltd., suspended production for regular maintenance for over a month. Such suspension of ethylene production affected the overall supply of ethylene from overseas into the PRC market. As a result of the foregoing, the average cost of ethylene increased during the four months ended 30 April 2010 as compared with 2009 and our gross profit margin was adversely affected.

In the event that we are not able to pass on the incremental costs to our customers or our Group fails to control our costs through implementing effective measures, our gross profit margin may be adversely affected.

Our expansion plans may not be completed as planned, may exceed our original budgets and may not achieve the intended economic results or commercial viability

Our future success to a large extent depends on our ability to expand our production capacity. We have expanded our production capacity by constructing new production facilities in order to cater for the anticipated growing demand of ethylene oxide and surfactants in the PRC. In particular, we have commenced the construction of the third phase ethylene oxide production facilities at our Jiaxing Production Plant. Upon completion of the third phase construction of the ethylene oxide production facilities with a designed annual production capacity of 60,000 MT, our designed annual production capacity of ethylene oxide will reach 180,000 MT. We anticipate that Sanjiang Honam, the sino-foreign joint venture company jointly established and controlled by Honam Petrochemical Corp. (湖南石油化學株式會社) and us, will commence the first phase construction of ethylene oxide production facilities with a designed annual production capacity of 100,000 MT at the end of 2010. We expect that the completion of the construction will take place by the end of 2011 and the second phase construction of ethylene oxide production facilities with a designed annual production capacity of 100,000 MT will commence following the commencement of the first phase production of ethylene oxide. Please refer to the sections headed "Business – Our strategies – Strengthen our leading market position in China through expansion of our production capacity", "Business – Production capacities, production plant and storage facility – Our Group's expansion plans" and "Future plans and use of proceeds" in this prospectus for further details on our future expansion plans. We cannot guarantee that we will be able to complete our expansion plans within budget and schedule. Our expansion plans may be adversely affected by factors such as lack of utilities and personnel, unexpected technical problems, natural disasters, issues in relation to our construction sites, logistical difficulties and any unforeseen legal impediments introduced by the PRC government. If there is any delay in the progress of our expansion plans, we may not be able to deliver our products in the quantity and quality demanded by our customers and hence, our reputation and future business opportunities may be adversely affected. Further, these plans may not achieve the intended economic results or commercial viability, which in turn could weaken our competitive position in the market and have a material adverse effect on our financial conditions and results of operations.

We require substantial capital to expand our business, any failure to obtain sufficient capital or adequate finance may adversely affect our expansion plans and growth

Our business and operations are capital intensive as we require significant amount of capital to expand our operations, maintain and operate our production facilities. In particular, we require a considerable amount of capital in expanding, constructing and purchasing production facilities and equipment as well as implementing new technologies to cater for our production needs. During the Track Record Period, our Group incurred an aggregate capital expenditure of approximately RMB280.9 million, RMB216.0 million, RMB49.0 million and RMB71.5 million respectively. We expect to increase our capital expenditure to approximately RMB233.7 million and RMB102.0 million respectively for the two years ending 31 December 2011, as we seek to strengthen our leading market position in China by expanding our production capacity. Given that a substantial portion of our capital expenditures are incurred in advance of any actual sales, our success is heavily based on our ability to continue to secure and successfully manage sufficient amounts of working capital.

We plan to finance a portion of the estimated capital expenditures with the net proceeds from the Global Offering and if necessary, with cash flows generated from our operations. To the extent where our funding requirements exceed our financial resources, we will be required to seek additional financing or defer planned expenditures. However, such additional financing is subject to PRC credit policies imposed by the PRC Government. We are unable to predict whether the PRC Government will further tighten credit in China and thus, increase our financing costs in relation to our capital expenditure. If we are unable to obtain financing in a timely manner, at reasonable cost or on reasonable terms, our expansion plans or completion of new production facilities may be delayed, our proposed or potential projects may be hindered, and our growth, competitive position, financial position and results of operations may be adversely affected.

Our business strategies are subject to significant business, economic and competitive uncertainties and contingencies in the market

Our business strategies are subject to all uncertainties and contingencies in the market, many of which are beyond our control and may increase our costs or delay implementation. Such uncertainties may include, but are not limited to, our inability to finance or obtain capital to finance our expansion plans, delays in the delivery and installation of manufacturing equipment, operational difficulties resulting from technology imperfections, global economic condition, labour shortage and related issues, crude oil and other raw material cost increases, promulgations of new laws and regulations related to our industry, delays or failure in securing necessary government approvals and land use rights. We cannot assure that our business operations and financial condition will not be adversely affected in such events.

We may not be able to manage our growth

We have grown substantially in terms of revenue and size in the past few years. Notably, between 2007 and 2009, the net profit attributable to equity holders of the parent grew from approximately RMB147.4 million to approximately RMB242.1 million at a CAGR of 28.2%. Further details are available in the "Financial information" section of this prospectus. Under our current expansion plans, we have and will continue to expand our operations by constructing new production facilities. We may also enter into arrangements with business partners, acquisition targets and raw materials or equipment suppliers in order to expand our operations. Such expansions may place substantial strain on our managerial, operational and financial resources. In particular, our management may be stretched or distracted between our existing operations and expansion projects. We cannot assure you that our managerial, operational and financial resources will be adequate to support our expansion projects. Failure to manage our expansion projects effectively may cause adverse effects on our production efficiency as a whole, and may lead to increased costs, decline in total revenue and/or reduced profitability.

Our business prospects may be difficult to evaluate due to our short operating history

We commenced our ethylene oxide business, one of our primary sources of revenue, in January 2006 when the first phase of our ethylene oxide production facilities commenced operation. Since then, our ethylene oxide business has expanded rapidly through the completion of the second phase of our ethylene oxide production facilities in December 2008 and the commencement of construction of our third phase ethylene oxide production facilities in December 2009. During the Track Record Period, revenue derived from the sale of ethylene oxide represented approximately 90.7%, 87.0%, 72.0% and 83.2% of our total revenue respectively. As our ethylene oxide business operating history is relatively short, there may be limited historical operational data available to establish long term trends to evaluate the performance and prospects of our ethylene oxide business.

We are subject to risks in relation to the operation of our production facilities

Our chemical production business involves the handling, storage and use of hazardous, flammable and explosive materials, including ethylene, ethylene oxide and ethylene glycol. Improper handling of these hazardous materials can cause serious pollution, fires, explosions, and may even expose handlers to serious health and safety issues. Moreover, operational breakdowns can also result from external factors beyond our control, such as natural disasters (including but not limited to flooding, cyclone, typhoon), terrorism or other third party inference. Such risks of operational breakdowns cannot be excluded even if high technical and safety standards for the construction, operation and maintenance of such production facilities are met. Further, in order to maintain safety standards and operational efficiency, we may conduct maintenance, inspections and technology advancements to our production facilities and suspend our productions and operations accordingly. In particular, we temporarily suspended the operations of one of our ethylene oxide production facilities for maintenance for around three weeks in August 2010.

Any breakdown or suspension of production or failure to supply chemical products to our customers in a timely manner according to the provisions of our supply contracts may result in breach of contracts, loss of revenue, as well as expose us to liability and the requirement to pay compensation under the relevant contracts, lawsuits and damage to our reputation. Consequently, our business, financial condition and results of operations may be adversely affected.

We rely heavily on our major customers. Any significant reduction in sales to or the loss of any of our major customers could materially and adversely affect our profitability and results of operations

Sales to our five largest customers together accounted for approximately 62.0%, 49.8%, 39.8% and 44.6% of our revenue during the Track Record Period. It is essential for us to maintain close and mutually beneficial relationships with them. To date, we deal with most of our ethylene oxide customers in the form of year long purchase contracts and surfactant customers in the form of one-off purchase contracts. As such, there can be no assurance that our major customers will continue their purchases, if at all, from us at the current levels.

Moreover, our revenue is also subject to our customers' business, product quality, sales strategy, industry conditions and the overall economic market environments. We cannot rule out the risk that our ethylene oxide and surfactants customers may terminate our contracts prior to the agreed term, become insolvent or otherwise default on payments under such contracts, or fail to take delivery of our products in accordance with the purchase contracts. Consequently, we may fail to recover all expenditure for the construction and operation of our production facilities, and other utilities. In essence, any significant reduction of sales to or loss of any of our customers could materially and adversely affect our profitability and results of operations.

Change in our customer mix may adversely affect our revenue and results of operations

Our ethylene oxide and surfactants customers include manufacturers and trading companies. For the two years ended 31 December 2008, the majority of our revenue derived from sale of ethylene oxide was attributable to trading companies. Since 2009, the majority of our ethylene oxide was sold to manufacturers of surfactants and other chemicals. The shift in our focus from trading companies to manufacturers was part of our strategy to develop our own distribution channels and customer base in order to secure a steady and long term source of revenue through direct business relationships with end customers. However, we cannot assure that we will be able to maintain our current customer mix or further develop our customer base with direct sales to manufacturers, which generally represents a more steady and long term source of revenue. On the other hand, we may, taking into account our expansion plans, the market supply and demand and other factors, shift our customer mix and sell our products to more trading companies in the future to enhance the market penetration of our products through their broad distribution network. As in our case, after taking into account the increased surfactants output as a result of the commencement of operation of the new surfactant production line at our Jiaxing Production Plant in 2008 and the increased supply of self-manufactured ethylene oxide for production of surfactants resulting from the expanded production capacity in December 2008, we have shifted our surfactant sales focus from manufacturers to trading companies since 2009 in order to enhance our market penetration. We may not be able to secure a steady and long term source of revenue through sales to trading companies and as such, change in our customer mix may adversely affect our revenue and results of operations. Please refer to the section headed "Business – Sales and marketing – Customers" in this prospectus for further details on our customer mix.

We purchase our production technology, equipment and components primarily from a limited number of suppliers

Our production technology and main equipment used, especially in the production of ethylene oxide, were purchased mostly from a limited number of overseas suppliers, including production technology provided by Scientific Design Company Inc. ("**SD Company**") and reactors and compressors in our ethylene oxide production facilities imported from renowned overseas suppliers located in India, the United States and Japan. Such technology and equipment are essential to the operations of our productions, and is an integral part of our business. To the best of the knowledge and belief of our Directors, there are only very few entrusted alternative suppliers of the aforementioned equipment in the PRC. Under the licence, process design and technical assistance service agreements entered into between SD Company and us in January 2004, August 2006 and May 2009, SD Company may, at its option, terminate the agreements and the licences granted forthwith by written notice to us if any payment required to be made by us under the agreements shall not be made when due and such default shall continue and remain unremedied for more than 90 days after written notice thereof is given by SD Company; or if we shall make any other material default under the provisions of the agreements and such default shall continue and remain unremedied for more than 90 days after written notice thereof is given to us by SD Company. If SD Company terminates the agreements and the licences under such circumstances, our business may be adversely affected.

We expect to expend approximately RMB200 million for procurement of production technology and main equipment for our third phase ethylene oxide production facilities. Late or interrupted deliveries of essential equipment or parts and transfer of technology may cause delays in the commencement of production or the supply of our chemical products, especially in our new production facilities. As a result, our business may be adversely affected in the form of additional time and potential costs in locating alternatives to satisfy the purchase orders of our customers in the event of production insufficiency due to such delay in or failure of delivery and transfer. Further, even though there may be alternatives to the aforementioned equipment, it may take time to locate them and there can be no assurance that such alternatives would cost the same, exposing our business to potential increased costs and financial distress. Please refer to the sections headed "Business – Production capacities, production plant and storage facility – Jiaxing Production Plant" and "Business – Production capacities, production plant and storage facility – Ethylene oxide production technology" in this prospectus for further details on our production facilities and technology.

We may not be able to successfully and profitably develop, produce and market new products or improve the quality of our existing products

In view of the rising market demand for variety and functionality of downstream products of surfactants, we intend to expand our product coverage by developing new types of surfactants, improve the quality of our existing products, and production technologies through our research and development team and potential collaboration and/or cooperation with universities in the PRC. However, the development process of new or enhanced products may be both time consuming and costly. There is also no assurance that such effort in research and development will result in the successful introduction of new products or service or the improvement of our existing products, nor can we assure that any of such new or enhanced products or services will be accepted by the market. Should we fail to develop and market our new or enhanced products, our ability to compete in the market may be restricted and thus our operating results may be adversely affected.

We rely on certain key personnel and the hiring and retaining of other qualified personnel to maintain our continued success

The success of our business depends on, to a considerable extent, the services of Mr. Guan and other members of our senior management. In particular, Mr. Guan has, since the establishment of our Group, led our senior management team in building our Group into the largest privately-owned manufacturer and supplier of ethylene oxide and AEO surfactants in China in term of production volume in 2009. While we have established long-term employment relationships with our senior management and may hire additional qualified individuals to work in various capacities for us, there is no assurance that any of these senior management and qualified personnel will continue his or her present capacity with us for any particular period of time. The loss of services of any key member of our senior management or failure to recruit a suitable or comparable replacement could have a significant impact upon our ability to manage our business effectively and as a result, our business and future growth may be adversely affected.

Our insurance may not be sufficient to cover the risks connected with our operations and potential losses

We face various risks in connection with our businesses, especially in relation to our complex production facilities, manufacturing and transportation equipment. Many of our inventories, including raw materials and certain of our finished products are potentially destructive and dangerous in uncontrolled or unforeseen circumstances, namely ethylene and ethylene oxide. Even though we maintain insurance policies to cover our properties, manufacturing facilities, plant and machinery, equipment and inventories against damage caused by accidents, our operations are still subject to unforeseen situation or events. As such, we may not have adequate insurance coverage or may have no relevant insurance coverage for the losses or damages we suffer. In addition, we may even be held liable for injuries and damages caused to third parties or their properties by any accident caused by us, especially during transportation of our finished products. In particular, the tankers and ships used to transport ethylene oxide and other potentially hazardous products are subject to perils such as capsizing, grounding, collision, accidents and hostile weather conditions, the occurrence of which will likely cause severe damages and injuries to properties, environment, humans and even our own reputation. Moreover, we may also be subject to lawsuits for large amount of damages and compensations. As a result, should such events occur and our insurance policies be ineffective, our financial condition and results in operations may be adversely affected.

Any interruption, shortage of utilities or fluctuation in utility prices may affect our business operations and financial condition

Our production process requires a stable supply of utilities, including electricity and water in large quantities. Water and electricity both play an important function in the production process of ethylene oxide, our main revenue generating product. As such, our entire production process may be forced to stop if there is insufficient utility supplies or suspension of such supplies. Also, we anticipate that our reliance on such supplies will further increase as we seek to expand our production capacity. Any shortage of supply may therefore adversely affect our production flow and prevent us from satisfying obligations under the purchase contracts with our customers during the affected period, causing potential harm to our financial condition and results of operations.

Our controlling shareholder has the ability to exercise substantial control over us, which may influence our business in ways which may not be in the best interests of our other Shareholders

Upon the completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised, Sure Capital will beneficially own and control approximately 45.51% of our shareholding interest. Subject to our Articles of Associations and applicable laws and regulations, Sure Capital will continue to have the ability to exercise a controlling influence over our business, including matters relating to our management and policies and certain matters requiring the approval of Shareholders, namely the election of our Directors, the approval of significant corporate transactions and the timing and distribution of dividends. Further, Sure Capital will also have veto power with respect to any shareholder action or approval requiring a majority vote (save for matters which are subject to independent Shareholders' approval under the Listing Rules and when Sure Capital is not considered independent, in which case Sure Capital will not vote). As such, Sure Capital may cause us to enter into transactions, to take or fail to take, other actions, or to make decisions that conflict with the best interests of our other Shareholders.

We incurred net current liabilities as at 31 December 2007, 2008 and 2009, 30 April 2010 and 31 July 2010

As at 31 December 2007, 2008, 2009, 30 April 2010 and 31 July 2010, we incurred net current liabilities of approximately RMB554.6 million, RMB543.3 million, RMB663.6 million, RMB627.0 million and RMB558.9 million respectively. Our net current liabilities level is primarily due to the high level of short term bank borrowings, which together with long term bank borrowings and cash from operating activities, were mainly used to finance our operations and the second and third phases of our expansion projects in 2007 and 2009 respectively. Our net current liabilities level may remain the same or increase in the coming year. As such, we may be exposed to potential liquidity risk. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debt obligations as and when they fall due will primarily depend on our ability to maintain adequate cash inflows from operating activities and adequate external financing. There can be no assurance that we will always be able to raise the necessary funding to finance our current liabilities and our capital commitments. Should we fail to do so, our business operations, financial position and prospects may be materially adversely affected. Please refer to the section headed "Financial information" in this prospectus for more details.

We have not obtained legal titles to some of the properties we own

For some of the properties that we own, we have not yet obtained and may not be able to obtain title certificates that allow us to freely use, transfer, mortgage or otherwise dispose of the properties. As of the Latest Practicable Date, we did not possess building ownership certificates for five buildings with a total gross floor area of approximately 600 square metres, representing approximately 1.85% of the total area of properties we own and occupy. Such buildings are mainly used for security guard rooms, rest lounges and weight room purposes, which are unrelated to our production activities. We are unable to obtain the building ownership certificates for the aforesaid five buildings due to our failure to obtain the necessary construction permits, i.e. the Planning Permit on Construction Works (建設工程規劃許可證) and the Working Permit on Construction Works (建築工程施工許可證) when we constructed such buildings. Under the applicable PRC laws, the local government authorities may require us to demolish such buildings within a specified period of time or may confiscate such buildings and impose a fine on us. We cannot guarantee that we will be able to effectively mitigate the possible adverse effects that may be caused by loss of such properties or by ownership dispute or claim regarding such properties. Please refer to the section headed "Business – Production capacities, production plant and storage facility – Jiaxing Production Plant" in this prospectus for further details.

Our operations are subject to risks of mortgages on our real estate properties, land use rights and production facilities

As of the Latest Practicable Date, certain production facilities and equipment of our Group and a parcel of land with an aggregate site area of approximately 49,891 square metres which we own near the Port of Zhapu Port have been mortgaged as security for repayment of loans granted to our Group. The mortgaged properties and land are currently occupied by us for storage purpose unrelated to our production activities. In the event that our Group defaults by failing to renew or obtain refinancing for such loans, the production facilities, equipment, real estate properties and the relevant land use rights mortgaged by us may be subject to, among other things, seizures and auctions, as provided in the Security Law of PRC (中華人民共和國擔保法). As such, our business operations and financial position may be materially and adversely affected.

We did not fully comply with PRC employee social welfare contribution regulations

In accordance with relevant PRC laws and regulations, we are required to contribute to a number of employee social welfare schemes in respect of our employees. Such schemes include pension insurance, medical insurance, unemployment insurance, maternity insurance and work-related injury insurance (together "**social insurance**") and housing fund contributions. During the Track Record Period, we did not fully comply with the social insurance and housing fund requirements for our employees because (i) a number of employees declined our Group's payment of social insurance contributions on their behalf as such payment might reduce their direct disposable income; and (ii) a number of employees declined our Group's payment of housing fund contributions on their behalf as they did not foresee that they would purchase properties in the near future and given that the contributions made would not be returned to them in cash, they preferred not to make such contributions. We estimate that the aggregate unpaid amount by our Group to the social insurance authority for the years ended 31 December 2007, 2008 and 2009 and the four months ended 30 April 2010 would be approximately RMB1.03 million, RMB1.40 million, RMB1.86 million and RMB0.69 million respectively, and the aggregate unpaid amount by our Group to the housing fund authority for the years ended 31 December 2007, 2008 and 2009 and the four months ended 30 April 2010 would be approximately RMB0.69 million, RMB1.00 million, RMB1.14

million and RMB0.31 million respectively. We have made relevant provisions in our Group's consolidated accounts. In hope to settle the outstanding social insurance and housing fund contributions, we and our PRC Legal Advisers consulted the local social insurance and housing fund authorities in Jiaxing, Zhejiang Province of the PRC respectively. Our PRC Legal Advisers have advised, based on such consultation, that the social insurance authority would not accept our payments for the outstanding social insurance contributions, and the housing fund authority would only accept our payments of RMB6,433 for the outstanding housing fund contributions. We have therefore paid the sum of RMB6,433 in full to the housing fund authority in July 2010.

As advised by our PRC Legal Advisers, under the relevant laws and regulations of the PRC, we may be ordered by the relevant social insurance authority to pay the outstanding social insurance contributions within a prescribed time limit, and a late charge at a daily rate of 0.2% on the outstanding contributions may be imposed if such payment is not made within the prescribed time limit. In respect of the housing fund, we may be ordered by the relevant housing fund authority to pay the outstanding housing fund contributions and a late charge at a daily rate of 0.1% on the outstanding contribution may be imposed on us. Our PRC Legal Advisers have also advised that in case an employee of our Group succeeds in labour dispute against us with respect to the outstanding social insurance and housing fund contributions, we may be required to make such outstanding contributions to such employee, the maximum amount of which was estimated to be RMB8.1 million in aggregate as of 30 April 2010.

Although the relevant authorities do not accept our full payments for the outstanding social insurance and housing fund contributions, we cannot assure that we will not be subject to an order from the relevant authority to make contributions to such employee benefits in the future. If we are considered by any authority to have failed to fully comply with any of such employee benefits requirements, we may be subject to penalties and administrative sanctions and we may be required to make such contributions retrospectively, which could adversely affect our financial condition and results of operations.

We may not be successful in identifying, acquiring or merging with suitable business targets, which could adversely affect our growth and revenue

Under our plans of expansion, we may enter into arrangements with business partners, acquisition targets and raw materials or equipment suppliers. Such arrangements may be subject to the completion of due diligence, numerous regulatory restrictions and approvals, negotiations of definitive agreements, and our ability to compete with other entities to attract the target parties. As such, there is no assurance that in the future we will be able to identify and enter into arrangements with suitable business partners or acquisition targets on commercially acceptable terms, if at all, or will have sufficient capital to fund such arrangements. Failure in identifying and entering into viable arrangements with suitable targets in the future could adversely affect our growth.

Further, even if we were successful in entering into arrangements with such targets, we cannot assure that the relationships with such partners or suppliers will result in a positive impact on our revenue, nor can we assure that such arrangements would not be terminated before we can derive all the anticipated benefits. Should that be the case, we may not be able to generate a return on our investment or recover our investment and we may also be forced to incur extra costs in terms of potential compensations or damages for early termination under the relevant contracts, and thus, our business operations and financial condition may be adversely affected.

RISKS RELATING TO THE INDUSTRY WHICH WE OPERATE IN

We face competition from domestic companies, which may affect our market share and profit margins

Our main competition in this industry stems from a few large domestic companies. In particular, according to the SAI Report, China National Petroleum Corporation ("**CNPC**") and China Petroleum and Chemical Corporation ("**Sinopec**") are the two largest manufacturers of ethylene oxide in the PRC, and have the ability to influence the market price of ethylene oxide. Such competition may potentially affect our market share and profit margins. We may, if necessary, have to lower the selling price of our products to cater with such competitions. In addition to their price setting capabilities, they may also have greater access to global financial and personnel resources, as well as better clienteles and networks than us. Therefore, we cannot guarantee that we would be able to compete directly, and maintain our existing profit levels or sustain our market share in face of their competitions.

If we fail to maintain our competitiveness by continuing to expand our productions and maintaining the quality and efficiency of our existing productions, or if more competitors enter the market, we could be forced to lower our product prices, or lose sales, causing a decline in profitability, leading to adverse effects to our business operations and financial condition.

Fluctuations in the prices of crude oil and refined products may adversely impact our profit margins and results of operations

The market for ethylene oxide is highly influenced by the price of ethylene, a product derived from crude oil. In particular, the prices of ethylene corresponded closely with that of crude oil and rose to its highest price at approximately USD 1,700 per MT in July 2008 and dropped sharply by approximately 75% to approximately USD 430 per MT in the short period of approximately five months. Therefore, it is likely that the prices of crude oil will affect that of ethylene to a significant extent, posing potential threat to the costs of raw materials for our operations. Historically, international prices for crude oil and refined products have fluctuated widely in response to factors including, but not limited to, the economic and political developments in crude oil producing regions and the global economic conditions. We do not and will not have any control over such factors affecting the international prices for crude oil and refined products. As such, crude oil prices may in essence cause significant adverse effect on our operations in relation to the costs of raw materials.

Our operations may be adversely affected by the existing or future PRC laws and regulations

We operate in an industry that is heavily regulated by the PRC laws and regulations and are required to obtain and maintain various licences and permits in order to commence and operate our business at each of our production plants in the PRC, including the Certificate of Approval for Production and Storage of Hazardous Chemicals (危險化學品生產、存儲批准證書) issued by Jiaxing Administration of Work Safety (嘉興市安全生產監督管理局), the Safety Production Permit (安全生產許可證) issued by Zhejiang Administration of Work Safety (浙江省安全生產監督管理局), the National Production Licence for Industrial Products (全國工業產品生產許可證) issued by the Zhejiang Administration of Quality Supervision, Inspection and Quarantine (浙江省質量監督檢驗檢疫總局), and the Hazardous Chemical Operation Licence (危險化學品經營許可證) issued by Jiaxing Administration of Work Safety. We are also required to obtain approval from the competent governmental authorities in the PRC for our production projects of ethylene oxide, liquefied industrial gases and surfactants. The revocation of or failure to obtain or renew our licences and permits could force us to temporarily or permanently suspend some or all of our production activities, which could disrupt our operations and adversely affect our business.

Moreover, our operations are also subject to several environmental and safety approvals from the PRC government. In particular, we must seek approval from the environment protection bureau of the local counterparts before we may commence production in our production facilities. Failure to comply with such regulations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of our licences or permits to conduct our business. These approval processes are potentially time consuming and may require significant financial resources. We cannot assure that the PRC will not impose additional or stricter laws or regulations, the compliance of which may cause us to incur further significant expenses which we may be unable to pass on to our customers, and may take significant time which may delay our project construction and operation schedule in relation to our expansion plans.

In addition, since the crude oil industry is highly influential to our operations in terms of costs of raw materials, any regulatory change that may affect the crude oil prices will potentially increase our production costs, and as a result, we may suffer from lower profitability, leading to poor performances or financial distress.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Changes in China's economic, political and social conditions and government policies may have an adverse effect on us

Substantially all of our assets and operations are located in China and all of our revenue is derived from China. Accordingly, our business operations and prospects are subject, to a significant degree, to the economic, political and legal developments in China. The PRC economy differs from the economies of most developed countries in a number of respects, including structure, degree of government involvement, level of development, control of capital investment, growth rate, control of foreign exchange and allocation of resources. Our products can be used across several industries, and each industry may experience different changes in government policies and regulations at any time.

Before its adoption of reform and open door policies in the late 1970s, China was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and the government itself. These reforms have resulted in significant economic growth and social progress. However, despite such transformation, the PRC government continues to play a significant role in regulating various industries by imposing industrial policies and continually adjusting economic reform measures. As such, we cannot assure that we may be able to benefit from all, or any, of the measures that are under continuous adjustments. In addition, we cannot predict whether changes in the political, economic and social conditions in the PRC or changes in the laws, regulations and policies promulgated by the PRC government will have any adverse effect on our current or future business, financial condition and results of operations.

Any significant change in, or promulgation of, laws and regulations may increase our costs of production, and our failure to comply with any of these developments could result in legal liabilities for us

Our operations are subject to the PRC laws and regulations, which include, but are not limited to laws and regulations governing product safety, chemical manufacturing business, foreign investment, labour and insurance matters, tax, levy, tariff, foreign exchange and environmental protection. Any significant change in the scope or application of these laws or regulations or any promulgation of new laws and regulations may increase our costs of production and profit margins (as the case may be) and have an adverse effect on our financial condition and results of operations. In particular, according to the Tariff Implementation Plans in 2007, 2008 and 2009 which were promulgated by the Tariff Commission of the State Council (國務院關稅稅則委員會) and became effective on 1 January of the respective years, although the preferential national tariff rate for the imported ethylene was set at 2% in the respective years, a provisional tariff rate of 0% was implemented which means the effective tariff rate applicable to the imported ethylene was 0% in 2007 to 2009 rather than 2%. However, in 2010, according to the 2010 Tariff Implementation Plan which was promulgated by the Tariff Commission of the State Council and became effective on 1 January 2010, the preferential national tariff rate for the imported ethylene remains at 2% but no provisional tariff rate is implemented. Therefore, the effective tariff rate applicable to the ethylene imported by our Group is 2% in 2010. The tariff rate may be adjusted by the Tariff Commission of the State Council from time to time. Further, the production safety and environmental regulations and their implementation regulations govern the operations of our business. Any failure to comply with such laws and regulations could result in fines, suspension of operations, loss of any licences, penalties or lawsuits. There can also be no assurance that the government in China will not impose additional or stricter laws or regulations in the future, which could give rise to significant compliance costs that we may be unable to pass on to our customers.

The legal system of the PRC is not fully developed, and there are inherent uncertainties which may affect the protection afforded to our business and our Shareholders

Most if not all of our business and operations are governed by the legal system of China. The PRC legal system is based on written statutes. Prior court decisions may be used for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations that had the effect of enhancing the protections afforded to corporate organisations and their governance, as well as various forms of foreign investments in China. However, since these laws and regulations are relatively new and as the PRC legal system continues to evolve rapidly, the interpretation and enforcement of these laws, regulations and rules involves significant uncertainty and different degrees of inconsistency, limiting potentially the available legal protections to our business operations. In addition, the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms. Therefore, it is difficult to evaluate the outcome of administrative and court proceedings and the actual level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our decisions on the measures and actions to be taken to fully comply therewith, and may affect our ability to realise our contractual and tort rights. Further, we cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-exemption of local regulations by national laws. We cannot therefore assure that we will enjoy the same level of legal protection in the future, nor such new laws and regulations will not affect our operations, causing adverse effects on our financial condition and results.

The global financial markets have experienced significant deterioration and volatility in the past two years, which have negatively impacted the global economy, any further downturn may adversely affect our financial condition and results of operations

For the past two years, the global financial markets have been affected by a general slowdown of economic growth in both the U.S. and globally, resulting in substantial volatility in global equity securities markets and tightening of liquidity in global credit markets. While it is difficult to predict how long these conditions will exist and the extent to which we may be affected, these developments may continue to present risks to our business operations for an extended period of time, including a potential slowdown in our chemical supplies to customers, increase in interest expenses on our bank borrowings, or reduction in the amount of banking facilities currently available to us. The availability of credit to entities, such as ourselves, operating within emerging markets, is significantly influenced by the levels of investor confidence in such markets as a whole and any factors that may impact market confidence. Such factors may range from a mere decrease in credit ratings to a state or central bank intervention in a market. Since the start of the financial crisis, investors have grown more sensitive to market information, especially in relation to any credit difficulties. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads in credit markets, a reduction in available financing and a tightening of credit terms. Even though the market has been under positive adjustments since late 2009, it is difficult to predict whether such growth or recovery will persist and how long the after effect of the financial crisis will continue to affect our business and the global economy as a whole.

Should there be a further economic downturn or credit crisis for any reason, our ability to borrow funds from current or other funding sources may be further limited, causing our continued access to funds to become more expensive, which would materially and adversely affect our business, liquidity, results of operations, financial condition, and most importantly, our expansion projects. Moreover, apart from our access to funds, further economic downturn will also affect our customers, and may in turn reduce the demand for our products or affect their abilities to settle amounts owed to us in respect of previously supplied chemical products. As such, we cannot assure that our business operations will not suffer further adverse effects caused by the previous or future credit crisis in the near future.

Changes in foreign exchange regulations and fluctuations in the value of the Renminbi could have an adverse effect on our financial results and our ability to distribute dividends

Our purchases of raw materials are mostly settled in U.S. dollars. During the Track Record Period, approximately 70%, 65%, 64% and 73% of our Group's total raw materials cost was settled in foreign currencies. We recorded net foreign exchange gain of approximately RMB12.4 million, RMB18.2 million and RMB0.9 million during the three years ended 31 December 2009 and net foreign exchange loss of approximately RMB0.7 million for the four months ended 30 April 2010.

The Renminbi is currently not a freely convertible currency, and the valuation of which is subject heavily to changes in the PRC government's policies and depends largely on domestic and the global and economic developments, as well as the supply and demand in the local currency market. As evident from past events, the PRC government's adjustments in the currency policies have seen the Renminbi appreciate in comparison to other currencies, namely the U.S. dollars. Between 1995 and 21 July 2005, the conversion into foreign currencies, including Hong Kong and U.S. dollars, was based on the exchange rates published by the PBOC. During that period, the official exchange rate for the conversion of Renminbi into U.S. dollars was generally stable. However, since 21 July 2005, the PRC government changed its old policy by re-pegging the Renminbi to a basket of currencies determined by the PBOC, rather than to the U.S. dollars alone. As a result of that adjustment, the Renminbi was revalued and appreciated against U.S. dollar immediately by approximately 2%. Moreover, following the PRC government's decision to widen the daily trading band for Renminbi against non-U.S. dollar currencies, the Renminbi further appreciated approximately 20% against U.S. dollars over the following three years. However, there can be no assurance that such exchange rate or growth in the Renminbi will remain stable against the U.S. dollar or any other foreign currencies in the future. To date, we have not entered into any hedging arrangements or transactions to reduce our exposure to foreign exchange risks. While we may decide to enter into hedging arrangements or transactions in the future, the availability and effectiveness of the same may be limited, and we may not be successful in hedging our exposure. As such, we are and will be subject to constant foreign exchange risks in the future. Any significant change in the exchange rates of the Renminbi against the U.S. dollar or the Hong Kong dollar could adversely affect the value of our dividends, which are to be funded by Renminbi but paid in Hong Kong dollars. Further, as we settle our payments for our purchases of ethylene in U.S. dollar, any fluctuations in the Renminbi to U.S. dollar exchange rate may affect our import price of ethylene, the principal raw material for our manufacture of ethylene oxide, and may adversely affect our profit margin and financial results.

In addition, conversion of Renminbi is still strictly regulated by the PRC government. Even though the PRC government has moderately relieved the restrictions under the current foreign exchange regulations, there can be no assurance that the PRC government will not adjust and impose further restrictions on the conversion of Renminbi into foreign currencies. In essence, although under the existing foreign exchange regulations in the PRC, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements (except for foreign exchange transactions on our capital account), we cannot guarantee that the same regulations will be in place in the future. As such, our investors may be at risk of further potential restrictions, at the PRC government's discretion, in relation the availability of dividends and the amounts thereof.

It may be difficult to effect service of process or to enforce foreign judgments in the PRC

A substantial amount, if not all, of our assets are located in the PRC. Further, the majority of our Directors and officers reside in the PRC as well as their personal assets. Therefore, investors may encounter difficulties in effecting service of process from outside China upon us or most of our Directors and officers. Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. A judgment of a court from a foreign jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if the judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requisite requirements. However, China does not have treaties with Japan, the United Kingdom, the United States and most other countries providing for the reciprocal enforcement of judgments. Also, Hong Kong has no arrangement for reciprocal enforcement of judgments with the United States, causing uncertainties in relation to the enforcement of foreign judgments.

The outbreak of any severe contagious diseases, natural disasters, acts of war, political unrest and other related events in the PRC, if uncontrolled, could adversely affect our business and results of operations

The outbreak of any severe communicable disease in the PRC could have severe effects on the overall business sentiments and environment in the PRC, and may in turn lead to a slower economic growth in the PRC economy. Examples of such contagious diseases may include Severe Acute Respiratory Syndrome ("**SARS**"), and also more recently, the H1N1 Influenza (originally referred to as the swine flu), as discovered in April 2009. As evident from past events, the outbreak of such major diseases, especially SARS in 2003 has caused significant damage to the global economy, slowing down economic growth in the whole world. As such, recurrence or outbreak of any types of similar diseases may cause such damage to the global market, causing a worldwide slowdown in the levels of economic activity, and may in turn adversely affect our results of operations and the price of our Shares.

Moreover, political unrests, acts of war, terrorist attacks and natural disasters may cause damage or disruption to the PRC economy as a whole, and/or our operations, employees and production facilities, and in turn causing adverse effects on our sales, costs of raw materials, our financial condition and results of operations. This is evident from previous events of terrorist attacks globally, the 8.0 magnitude earthquakes in Sichuan and also the 2004 tsunami events. We cannot control the occurrence of these catastrophic events and our business operations will at all times be subject to the risks of these uncertainties.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares, and an active trading market may not develop after Global Offering

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price of our Offer Shares will be determined by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us. The Offer Price may differ from the market price of our Shares after the Global Offering. While we have applied to have our Shares listed on the Stock Exchange, we cannot guarantee that such application will result in the development of an active or liquid trading market for our Shares following the Global Offering or in the future.

The Offer Price may not be indicative of prices that will prevail in the trading market and such market prices and the liquidity of our Shares following the Global Offering could be volatile

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcement of new investments and expansions, strategic alliances and/or acquisitions and fluctuations in market price of our products and services or fluctuations in market prices for companies in our industry or other related industry could cause the market price of our Shares to change substantially. Any such development could lead to significant and sudden changes in the volume and price at which our Shares will trade. We cannot assure that such development will not occur. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations for various reasons. As a result, our Share prices are subject to price fluctuations that may not be directly related to our financial or business performance.

Our profit estimate only covers the six months ended 30 June 2010 and may not necessarily give a fair reflection of our full year financial results in 2010

We have prepared our profit estimate for the six months ended 30 June 2010 based on certain assumptions and estimates. However, as our products are constantly subject to changes in market demand and fluctuation in prices of raw materials, in particular, ethylene, the price of which fluctuates closely with that of crude oil, we cannot guarantee that our profit for the full financial year will be in line with that of the six months ended 30 June 2010. Alternatively, we cannot assure that our profit estimate will provide a fair reflection of our annual performance and therefore, should not be interpreted as a guidance to our full year financial results for the year 2010. Please refer to the section headed "Profit estimate" as set out in Appendix III to this prospectus for further details on our profit estimate.

We rely on dividend payments from our subsidiaries located in the PRC for funding our dividend payments, servicing our indebtedness and meeting our working capital and other capital needs

We are a holding company and conduct our core business operations through our operating subsidiaries in China. Therefore, the availability of funds to us to pay dividends to our Shareholders, to service our indebtedness and to meet our working capital and other capital needs depends upon dividends received from our subsidiaries. If our subsidiaries in China incur debt or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends, service our indebtedness and meet our working capital and other capital needs will be restricted. The PRC laws permit payment of dividends only out of net income as determined in accordance with PRC accounting standards and laws and regulations. Our PRC subsidiaries are required to set aside a portion of their net income each year to fund certain statutory reserve funds and other kinds of funds in accordance with the relevant PRC laws and regulations. These reserves are not distributable as cash dividends. As a result, our primary source of funds for dividend payments is subject to these and other legal restrictions and uncertainties. In addition, restrictive covenants in bank credit facilities, joint venture agreements or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to make dividend payments to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders, to service our indebtedness and to meet our working capital and other capital needs.

Our current dividend policy and our historical dividend payment should not be taken as an indication of our future ability to pay dividends and we may not be able to pay any dividends in the future

Our Company may declare dividends in Hong Kong dollars to be paid to our Shareholders in general meetings but no dividends may be declared in excess of the amount recommended by our Board. Our Company may also make a distribution to our Shareholders out of share premium in general meetings. No dividend or distribution may be paid out of share premium unless immediately following the date on which the distribution or dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in the ordinary course of business.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to the PRC and any provinces, cities or regions thereof contained in this prospectus, the reliability of which cannot be assumed or assured

Certain facts and statistics in this prospectus relating to the PRC, its economy and the industries which we operate in the PRC are derived from official government publications generally believed to be reliable. While we have taken reasonable care to reproduce such information, we cannot guarantee the quality or reliability of such materials. These facts and statistics have not been prepared or independently verified by us, the Sole Global Coordinator, the Joint Sponsors, the Joint Bookrunners or the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, or materials prepared based on such facts and statistics, such as those published by the National Bureau of Statistics of China, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other difficulties, the statistics presented in this prospectus may be inaccurate or may not be comparable to statistics produced for other economics and should not be relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

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

This prospectus contains statements that are forward-looking and uses words typically used for forward-looking statements such as "will," "expect," "estimate," "anticipate," "plan," "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar terms. Purchasers of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties in this regard, including those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans and objectives will be achieved.

Any future sale of our Shares by our existing Shareholders (including the Independent Investors) could have an adverse effect on the market price of our Shares

Future sales of a substantial number of our Shares by our existing Shareholders (including the Independent Investors), or the possibility of such sales, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

There are generally no restrictions imposed on our existing Shareholders to sell or otherwise dispose of their Shares save that the Shares held by Sure Capital and the Independent Investors are subject to certain lock-up periods commencing from the date by reference to which disclosure of Sure Capital's shareholding is made in this prospectus (in the case of Sure Capital) and from the date of the Hong Kong Underwriting Agreement (in the case of the Independent Investors). We are not in a position to give any assurance that any or all of our existing Shareholders will not dispose of any Shares they may own now or in the future.

The Offer Price per Offer Share is higher than the net tangible book value per Share, and, consequently, purchasers of our Shares will incur immediate dilution

The Offer Price of our Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma combined net tangible book value of HK$0.96 per Share (assuming an Offer Price of HK$2.88, which is the mid-point of the indicative range of the Offer Price of HK$2.38 to HK$3.38 per Share), and our existing Shareholders will receive an increase in the net tangible book value per Share in respect of their Shares. If we issue additional Shares in the future, purchasers of our Shares may experience further dilution.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through other media relating to us and/or the Global Offering, some of which may not be consistent with the information contained in this prospectus

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, the disclosure of which has not been authorised by us but included certain financial information, projections, valuations and other information about us (the "**Unauthorised Information**"). We wish to emphasise to potential investors that we do not accept any responsibility for any such Unauthorised Information. The Unauthorised Information was not sourced from or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the Unauthorised Information. To the extent that any of the Unauthorised Information is inconsistent with, or conflicts with, the information contained in this prospectus, we disclaim it. Accordingly, prospective investors are cautioned to make their investment decisions based solely on the information contained in this prospectus and should not rely on any of the Unauthorised Information.