This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of technical terms" in this prospectus.

OVERVIEW

We were the second largest BDO producer in China in terms of domestic sales volume in 2009 with a market share of approximately 16.0%, according to the Huajing Report prepared by Beijing Huajing, an independent economic information research institution. We also produce GBL and THF, which are immediate downstream derivative products of BDO. We ranked fifth in China in terms of total designed BDO production capacity in 2009, according to the Huajing Report.

In view of China's growing market for biodegradable materials and leveraging on our existing expertise in BDO production, we intend to expand downstream into BDO-based biodegradable PBS and PBS copolymers production and apply approximately 10% of the net proceeds from the Global Offering to construct the first phase of our PBS production facilities. Please refer to the paragraph headed "Our strategies" under the section headed "Business" in this prospectus for further details. PBS and PBS copolymers are relatively new materials in China and our Group has no historical track record in their production. While we are confident of our PBS expansion plan, there is no assurance that we will be able to produce PBS and PBS copolymers on a commercial scale or at all. (Please also refer to the section headed "Risk factors" in this prospectus).

BDO, our primary product, is an essential chemical intermediate used in the production of high performance polymers, solvents and fine chemicals, which are widely used in the automotive, electronics, construction and apparel industries. GBL has a wide range of applications, including cosmetics, hair sprays, germicides, tablet binders and as process aids in beverage clarification. THF is mainly used as a precursor to polymers and is often used to produce PTMEG, which in turn is a reactant for making other polymers.

During the Track Record Period, we sold our BDO, GBL and THF products principally to PRC manufacturers of different industries such as chemicals, pharmaceutical and industrial electronics, which are primarily located in the Eastern region of China. We believe this direct sales model, compared to a distributorship sales model, allows us to obtain first-hand market information directly from these customers and helps us to build long-term and close customer relationships. During the Track Record Period, we did not sell our BDO, GBL and THF products to any manufacturer of PBS or PBS copolymers. Additionally, we have neither directly exported our products nor, to our knowledge, have we sold our products to customers who in turn re-sell and export our products without further processing.

We are the first among the current BDO producers in China to employ the DAVY Process, according to the Huajing Report. The DAVY Process, which uses maleic anhydride as the principal raw material, is more advanced and cost efficient than the traditional REPPE Process, which uses acetylene and formaldehyde as the principal raw material. The DAVY Process allows us to produce high-graded BDO with a higher purity level than the national standard typically required by the PRC industry standard and generally adhered by BDO manufacturers adopting the REPPE Process. The DAVY Process also co-produces GBL and THF, two of our major products, and allows us to adjust the mix among our three products to enhance the flexibility in fulfilling customers' orders.

Our current production facilities are located in Dongying, Shandong province, close to our raw material suppliers and most of our major customers. In particular, our current production facilities are adjacent to Sinopec Shengli Oilfield Branch Petrochemical Factory* (中國石化勝利油田分公司石油化工總廠) ("**Sinopec Shengli**"), China's second largest oil field complex, which supplies to us raw materials including hydrogen and n-butane through pipelines. Our proximity to and long-term relationship with Sinopec Shengli provide us with a convenient supply of principal raw materials and a cost advantage over many of our foreign and domestic competitors. For each of the three years ended December 31, 2007, 2008 and 2009 and the five months ended May 31, 2010, our purchases from Sinopec Shengli accounted for approximately 11.3%, 9.9%, 12.7% and 32.3% of our total purchases, respectively. As at the Latest Practicable Date, our Dongying BDO production facility had a designed BDO production capacity of approximately 35,000 tpa, a designed GBL production capacity of approximately 17,000 tpa and a designed THF production capacity of approximately 5,000 tpa.

We derive substantially all of our revenue from sales of BDO, GBL and THF. Our revenue was approximately RMB882.7 million, RMB883.3 million, RMB745.4 million and RMB383.9 million for each of the three years ended December 31, 2007, 2008 and 2009 and the five months ended May 31, 2010, respectively. Our net profit was approximately RMB146.1 million, RMB133.9 million, RMB172.1 million and RMB96.9 million for each of the three years ended December 31, 2007, 2008 and 2009 and the five months ended May 31, 2010, respectively.

Our principal business development strategy is to leverage our BDO production capabilities and expand into China's growing biodegradable materials market. Since 2008, we have devoted substantial resources to exploring the market and the commercialization potential of BDO-based biodegradable PBS and PBS copolymer products. PBS and PBS copolymers are fully biodegradable macromolecular polymers that are synthesized from succinic acid/binary acid and BDO through a process of condensation polymerization. Due to the comparatively superior characteristics in mechanical properties, processability and heat resistance over other types of biodegradable polymers, PBS and PBS copolymers can be used in a wide range of applications, such as packaging materials, food containers, mulch film, packaging films, bags, disposable medical devices, hygiene products and textiles. In this connection, we entered into a letter of intent with IPCCAS in July 2009 for the licensing of its patented IPCCAS Direct Polycondensation Process to construct a 20,000 tpa PBS production facility, as well as setting up a joint research laboratory to research into new PBS formulations and potential applications. Subsequently in December 2009, we entered into a formal technology licensing agreement with IPCCAS (which was supplemented by a supplemental licensing agreement dated October 29, 2010), under which we were granted a non-exclusive license (which is one-off in nature with no time limit) to use the relevant PBS resin polymerization technologies in our PBS production facilities and a 500-liter PBS laboratory facility adopting the IPCCAS Direct Polycondensation Process. In May 2010, we further entered into a technology cooperation agreement with Sichuan University for an initial period of five years to collaborate into areas including (without limitation) PBS downstream product development, production technology support and research staff training. Since then, we have established a PBS research team in Zibo of Shandong province collaborating with IPCCAS and the Polymer Research Institute* (高分子研究所) and the State Key Laboratory of Polymer Materials Engineering* (高分子材料工程國家重點實驗室) of Sichuan University. We are close to completing the construction of a 500-liter PBS laboratory facility which would be used for testing formulations for and trial production of various types of PBS and PBS copolymer downstream products. The PBS laboratory facility is scheduled to be completed by end of November 2010 and put into operation by December 2010.

In accordance with our expansion plan, we have already commenced construction of a new production base, which is situated on a parcel of land with a site area of approximately 229,655 square meters in the New-Hi Tech Industrial Development Zone of Zibo, Shandong province. To this end, construction of two PBS production lines in this new Zibo production base with designed production capacity of 5,000 tpa and 20,000 tpa, being the first phase of our three-phase PBS production capacity expansion plan, is currently under way and is scheduled to be completed by June 2011 and September 2011, respectively. As at the Latest Practicable Date, we had entered into non-legally binding letters of intent, valid up to December 31, 2013, with several Independent Third Party PRC manufacturers of medical supplies, packaging and hygienic disposables for intended PBS and PBS copolymers orders totaling over 17,000 tons per annum.

Depending on the then market response to our PBS and PBS copolymer products from our first phase of PBS production facility, we intend to commence construction of a further 50,000 tpa PBS production facility in or around early 2012. According to our preliminary construction schedule, this 50,000 tpa, second phase PBS production facility shall take about eight months to construct. Depending on the then utilization of our first and second phase of PBS production facilities, we may commence construction of a third phase PBS production facility with a designed production capacity of 50,000 tpa as early as in 2013.

To support our planned expansion into the production of PBS and PBS copolymers which are currently in our product development pipeline, and to serve the growing demand for high-graded BDO and its derivative products in China, we plan to expand our BDO production capacity significantly by constructing a new 55,000 tpa BDO production facility, to be housed alongside our planned PBS production facilities, in our new Zibo production base. This new BDO production facility, which is under construction and is currently scheduled to be completed by June 2011, will employ the newest, fourth-generation DAVY Process with designed BDO, GBL and THF production capacity of approximately 46,800 tpa, 6,600 tpa and 1,600 tpa, respectively.

In addition to the above core production facilities, our Zibo production base will also house various ancillary facilities such as office buildings, staff canteen, warehouses and a waste water treatment facility.

We believe that our expanded BDO production capacity would enable us to enjoy greater flexibility in adjusting our production and sales mix to meet market demands, while controlling our costs through internal BDO consumption and external BDO sales. It is our intention that upon commencement of our PBS and PBS copolymers production, we will prioritize the use of our BDO produced by first satisfying our internal production requirement of PBS and PBS copolymers. According to our research and development progress to date, it is estimated that the consumption ratio of BDO in PBS production should be around 0.4-0.5 ton of BDO for each ton of PBS and/or PBS copolymers. On such basis, depending on the then prevailing demand for our PBS and PBS copolymer products, we expect our internal BDO consumption will increase as a percentage of our total BDO production as we expand our PBS production capacity in accordance with our expansion plan. (For purpose of illustration, if all three phases of our PBS production facilities are operating at full capacity, then based on the currently estimated consumption ratio of BDO to PBS, around half of the aggregate designed production capacity of our two BDO production facilities (inclusive of BDO, GBL and THF) will be utilized for producing internally-consumed BDO, while the remaining production capacity will be utilized for producing BDO, GBL and THF for external sales to the market.) We also expect our revenue from PBS and PBS copolymer products will increase both in absolute terms and as a percentage of our total revenue in the future when our PBS expansion plan is successfully implemented.

We believe that our expanded BDO production capacity will help to support the future growth of our PBS and PBS copolymer production and at the same time solidify our leading position in China's BDO and derivative products market.

On the basis of the information available to us so far (including contracts, agreements and contractor estimates so far provided) and based on due assessments by our senior management, it is currently estimated that total capital expenditure for completion of our Zibo production base (including construction of three phases of the PBS production facilities and the new BDO production facility and inclusive of technology licensing fees, land use rights and other ancillary construction work) shall amount to approximately RMB1.42 billion (equivalent to approximately HK$1.66 billion), of which approximately RMB274 million (equivalent to approximately HK$321 million) have been incurred as at October 31, 2010 funded by internally generated funds, bank borrowings and funds from pre-IPO investments injected as registered capital. The following table summarizes the development plan and capital expenditure schedule in connection with our Zibo production base:

	Designed Production Capacity *(tpa)*	**(Expected) commencement time**	**(Expected) completion time**	**(Estimated) Capital Expenditure** *(RMB million)*	**Payments made as at October 31, 2010** *(RMB million)*	**Outstanding Capital Expenditure** *(RMB million)*
Land site acquisition	N/A	Completed	Completed	93	93	0
Ancillary site work and facilities	N/A	August 2010	–	37	0	37

	Designed Production Capacity *(tpa)*	(Expected) commencement time	(Expected) completion time	(Estimated) Capital Expenditure *(RMB million)*	Payments made as at October 31, 2010 *(RMB million)*	Outstanding Capital Expenditure *(RMB million)*
BDO production facilities (inclusive of any license fee)	55,000	September 2010	June 2011	560	113	447
1st phase PBS production facilities (inclusive of any license fee)	25,000	September 2010	September 2011	130	68	62
Subtotal:				820	274	546
2nd phase PBS production facilities (inclusive of any license fee)	50,000	Early 2012	By end of 2012	300	0	300
3rd phase PBS production facilities (inclusive of any license fee)	50,000	2013 earliest	Depending on time of commencement	300	0	300
Subtotal:				600	0	600
Total:				1,420	274	1,146

We plan to apply approximately HK$635 million (equivalent to approximately RMB543 million) of net proceeds from the Global Offering to finance the outstanding capital expenditure required to complete construction of our new BDO production facility and the first phase of our PBS production facilities. As for the remaining capital expenditure requirements of RMB600 million (equivalent to approximately HK$702 million) relating to the construction of our second and third phase of PBS production facilities, it is our current intention to finance it by internal funds, bank borrowings, surplus net proceeds from the Global Offering (if any) and, if necessary, by other form of debt financing and/or equity fund raising (so far as permitted under the Listing Rules).

The project design, project size, parameters, construction schedule, budget and other factors relating to the Zibo expansion plan may differ from the descriptions contained in this prospectus. See paragraph headed "Risk factors – Risks relating to our business – Construction of our Zibo production base is subject to various risks and uncertainties" in this prospectus.

OUR COMPETITIVE STRENGTHS

We attribute our success to date and potential for future growth to the following competitive strengths:

– The second largest producer of high-purity BDO in China

– First among current BDO producers in China to employ the DAVY Process

– Strong customer base and reputation

– Stable and low-cost supply of high quality raw materials and other materials

– Proven operational efficiency

– Experienced management team and employees

OUR STRATEGIES

We aim to further strengthen our leading market position in the BDO industry. Additionally, by leveraging on our expertise in BDO production, we aim to become a leader in China's biodegradable materials market through downstream expansion into BDO-based biodegradable PBS and PBS copolymer products, and aim to become a regional leader in PBS and PBS copolymer production. To achieve these goals, we intend to pursue the following strategies:

– Downstream expansion into PBS and PBS copolymer production

– Expand our designed BDO production capacity

– Collaborations with research institutes to develop formulations of PBS and PBS copolymers

– Further improve our production process and efficiency

– Continue to strengthen our sales and marketing efforts, particularly with regard to PBS and PBS copolymers

– Pursue strategic acquisitions and alliances

RISK FACTORS

Risks relating to our business

– We may encounter difficulties in our plan to produce PBS and PBS copolymers on a commercial scale or at all, and our business, financial condition, results of operations and prospects would be materially and adversely affected.

– If we are unable to market our PBS and PBS copolymers successfully, our business, financial condition, results of operations and prospects would be materially and adversely affected.

– We may face significant future competition in PBS production. If we are unable to compete effectively, our business, financial condition and results of operations would be materially and adversely affected.

– If the selling prices of PBS or PBS copolymers decrease, our profitability and prospects would be materially and adversely affected.

– Construction of our Zibo production base is subject to various risks and uncertainties.

– We depend on a small number of domestic customers for a significant share of our total revenue. Loss of any one or more of these customers may cause significant declines in our revenue.

– We depend on a small number of domestic suppliers for a large portion of our total purchases. Loss of any one or more of these suppliers may materially and adversely affect our business, prospects, financial condition and results of operations.

– We depend on a third party waste gas treatment company to process our waste gas generated from our Dongying operations. If this company ceases to provide waste gas treatment for us without proper notice or if this company breaches any of the applicable rules, regulations and laws of the PRC in the processing and discharge of our waste gas which resulted in damage to third parties, our business, prospects, financial condition and results of operations may be materially and adversely affected.

– If market demand for BDO fails to keep pace with the expansion of our designed BDO production capacity, our business, prospects, financial condition and results of operations could be materially and adversely affected.

– If we are unable to maintain high utilization rates of our production facility, our margins and profitability would be materially and adversely affected.

– Our average selling prices of BDO, GBL and THF fluctuated during the Track Record Period. If the selling prices for BDO and BDO derivative products decrease, our profitability would be materially and adversely affected.

– We operate in a highly competitive environment and we may not be able to sustain our current market position.

– Further developments in or alternatives to the DAVY Process may render our production process costly or obsolete, which may reduce our profitability and market share.

– The costs of raw materials, other materials and utilities used in our production may increase and our business, prospects, financial condition and results of operations could be adversely affected.

– Production of BDO and BDO-related products is energy-intensive and our results of operations may be materially adversely affected if energy costs were to rise further, or if our energy supplies were interrupted.

– Our business operations are extensively impacted by the policies and regulations of the PRC government. Any policy or regulatory changes may cause us to incur significant compliance costs.

– Our operations and assets are subject to extensive health, safety, environmental and other laws and regulations, which could result in material costs or liabilities.

– We may be subject to liability relating to the use and processing of hazardous substances in our production.

– We may incur losses resulting from operating hazards, product liability claims or business interruptions and our insurance coverage may not be sufficient to cover the risks related to our business.

– Our leased properties in the PRC may be subject to legal irregularities.

– The loss, revocation, suspension, modification or failure to obtain or renew certain government permits or approvals could materially and adversely affect our business.

– We may be required to pay up any outstanding social insurance and housing fund, or subject to penalties for any irregularities in our contribution to the social insurance and housing fund.

– We may not be able to adequately protect our proprietary know-how, or may be exposed to third-party claims of infringement or misappropriation of intellectual property rights.

– Mr. Zhang and certain members of the Group may be subject to potential legal proceeding which, if materializes, may result in a material and adverse impact on the assets and financial results attributable to our Company and our Shareholders.

– Our business depends substantially on the continuing efforts of our management and skilled employees as well as our ability to attract and retain qualified personnel, and our business may be severely disrupted if we lose their services.

– We may experience a shortage of labor or our labor costs may increase.

– We may not be able to effectively manage our growth.

– Mr. Zhang, our Controlling Shareholder, will have substantial influence over us and there may be conflicts of interest between our Controlling Shareholders, us and our other Shareholders.

– We rely on dividends paid out of the profits generated by our PRC subsidiaries for foreign currency needs of other non-PRC members of our Group after the Listing.

– Dividends declared in the past may not be indicative of our dividend policy in the future.

Risks relating to conducting business in the PRC

– Adverse changes in political and economic policies of the PRC government may have a material adverse effect on the overall economic growth of China, which may reduce the demand for our products and materially and adversely affect our competitive position.

– Recent regulations relating to offshore investment activities by PRC residents may limit our ability to acquire PRC companies and may adversely affect our business, prospects, financial condition and results of operations.

– PRC regulation of direct investments and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of the Global Offering to make additional capital contributions or loans to our PRC subsidiaries.

– A new PRC tax law increases the enterprise income tax rate applicable to our subsidiaries in China, which may have a material adverse effect on our results of operations.

– Because the PRC legal system continues to evolve rapidly, the interpretations of many laws, regulations and rules are not always uniform and such uncertainties may have a material adverse effect on us.

– You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us, our management or the experts named in the prospectus.

– The Chinese economy may experience inflationary pressure, which may lead to an increase in interest rates and a slowdown in economic growth.

– Fluctuation in exchange rates may have a material adverse effect on your investment.

– An outbreak of any severe communicable disease in the PRC may have an adverse effect on the economies of certain Asian countries and may adversely affect our results of operations.

Risks relating to the Global Offering and our Shares

– There has been no prior public market for our Shares, and the liquidity and market price of our Shares may be volatile.

– Current volatility in the global financial markets could cause significant fluctuations in the price of our Shares.

– Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

– The laws of the Cayman Islands relating to the protection of interest of minority shareholders are different from those in Hong Kong.

– Future sales of substantial amounts of our Shares in the public market could adversely affect the prevailing market price of our Shares.

– Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from executing our growth strategy successfully.

– We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the Chinese economy and China's petrochemical industry contained in this prospectus.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Summary Consolidated Statements of Comprehensive Income

	Year ended December 31,			Five months ended May 31,	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	882,669	883,298	745,363	272,684	383,901
Cost of sales	(694,844)	(695,855)	(485,941)	(176,400)	(249,037)
Gross profit	187,825	187,443	259,422	96,284	134,864
Other income and gains	3,357	4,234	1,736	205	11,070
Selling and distribution costs	(13,440)	(15,237)	(15,870)	(6,340)	(6,361)
Administrative expenses	(8,423)	(13,910)	(12,595)	(1,886)	(6,380)
Other expense	–	–	–	–	(657)
Finance costs	(2,871)	(7,941)	(2,096)	–	(2,450)
PROFIT BEFORE TAX	166,448	154,589	230,597	88,263	130,086
Income tax expense	(20,332)	(20,681)	(58,515)	(22,233)	(33,155)
PROFIT FOR THE YEAR/PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	146,116	133,908	172,082	66,030	96,931
Profit for the year/period and total comprehensive income for the year/period attributable to:					
Equity holders of the Company	129,014	133,908	172,082	66,030	96,931
Non-controlling interests	17,102	–	–	–	–
	146,116	133,908	172,082	66,030	96,931

Summary Consolidated Statements of Financial Position

	As at December 31,			As at May 31,
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Non-current assets	437,548	521,404	725,743	594,968
Current assets	99,611	157,301	457,041	741,678
Total assets	537,159	678,705	1,182,784	1,336,646
Equity and liabilities				
Current liabilities	97,154	104,792	436,789	493,720
Total equity	440,005	573,913	745,995	842,926
Total equity and liabilities	537,159	678,705	1,182,784	1,336,646

Summary Consolidated Statements of Cash Flow

	Year ended December 31,			Five months ended May 31,	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash flows from operating activities	153,107	93,423	174,073	36,642	115,181
Net cash flows (used in)/from investing activities	(158,560)	(92,247)	(166,769)	46	64,574
Net cash flows from financing activities	35,879	27,919	209,574	204	162,614
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,426	29,095	216,878	36,892	342,369
Cash and cash equivalents at beginning of year/period	47,740	78,166	107,261	107,261	324,139
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	78,166	107,261	324,139	144,153	666,508

Other Selected Financial Data

The following table below sets forth the revenue contribution of our Group's BDO, GBL and THF products during the Track Record Period.

	Year Ended December 31, 2007 Revenue		2008 Revenue		2009 Revenue		Five months ended May 31, 2010 Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
BDO	489,036	55.4	529,475	59.9	414,741	55.6	209,485	54.6
GBL	240,209	27.2	243,986	27.6	221,696	29.7	112,875	29.4
THF	153,424	17.4	109,837	12.5	108,926	14.7	61,541	16.0
Total	882,669	100.0	883,298	100.0	745,363	100.0	383,901	100.0

The following table sets forth our average selling price and sales volume by product during the Track Record Period:

	Year ended December 31, 2007		2008		2009		Five months ended May 31, 2009		2010	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	tons	*RMB/ton*	*tons*	*RMB/ton*	*tons*	*RMB/ton*	*tons*	*RMB/ton*	*tons*	*RMB/ton*
BDO	29,263	16,712	35,099	15,085	34,952	11,866	14,034	11,405	14,561	14,387
GBL	12,470	19,263	14,905	16,369	15,780	14,049	5,632	13,738	7,016	16,088
THF	6,581	23,313	5,431	20,224	6,716	16,219	2,139	16,483	3,435	17,916
Total	48,314		55,435		57,448		21,805		25,012	

The following table sets forth the gross profit and gross profit margins of our BDO, GBL and THF during the Track Record Period:

	Year ended December 31, 2007		2008		2009		Five months ended May 31, 2009		2010	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
BDO	87,944	18.0	105,161	19.9	131,666	31.7	50,578	31.6	70,555	33.7
GBL	60,486	25.2	54,744	22.4	86,998	39.2	31,277	40.4	43,374	38.4
THF	39,395	25.7	27,538	25.1	40,758	37.4	14,428	40.9	20,935	34.0
Overall	187,825	21.3	187,443	21.2	259,422	34.8	96,283	35.3	134,864	35.1

DIVIDEND POLICY

After completion of the Global Offering, our Shareholders will be entitled to receive dividends we declare. Any amount of dividends we pay will be at our discretion and will depend upon our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which we consider relevant.

PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises, such as our subsidiaries in the PRC, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Under the applicable PRC law, each of our subsidiaries in the PRC may only distribute its after-tax profits after it has made allocations or allowances for (i) recovery of accumulated losses; (ii) allocations to the statutory reserves; and (iii) allocation to a discretionary common reserve fund as may be approved by its board of directors.

Subject to the factors above, we plan to distribute dividends regularly after the Listing. We intend to distribute approximately 35% of the distributable profits attributable to Shareholders of our Company as dividends for each full financial year subsequent to the Global Offering. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividend in such manner or declare and pay any dividend at all.

The Company and its subsidiaries did not pay nor declare any dividends during the Track Record Period. You should note that historical dividend distributions are not indicative of our future dividend policy.

USE OF PROCEEDS

Assuming the Over-allotment Option is not exercised and assuming the Offer Price is fixed at HK$2.83 per Share (being the mid-point of the indicative range of the Offer Price of HK$2.33 to HK$3.33 per Share), we estimate that the net proceeds of the Global Offering, after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, will be approximately HK$678 million. We intend to use these net proceeds for the following purposes:

- As to approximately HK$522 million (equivalent to approximately RMB446 million), to be applied to complete construction of our new 55,000 tpa BDO production facility (including applicable licence fee in respect of the forth-generation DAVY Process to be adopted);

- As to approximately HK$70 million (equivalent to approximately RMB60 million), to be applied to complete construction of our 5,000 tpa and 20,000 tpa PBS production lines (including applicable licence fee in respect of the IPCCAS Direct Polycondensation Process to be adopted), which constitutes the first phase of our PBS production facility expansion plan;

- As to approximately HK$43 million (equivalent to approximately RMB37 million), to be applied for completion of ancillary site work and facilities of our new Zibo production base; and

- As to approximately HK$43 million as general working capital of our Group.

We currently envisage that the net proceeds allocated above should be sufficient in completing construction of our new 55,000 tpa BDO facilities and the first phase of our PBS production facility expansion plan.

If the Offer Price is fixed below the mid-point of the indicative price range, the above allocation of net proceeds will be adjusted downward on a pro rata basis. In such event, we intend to fund the corresponding capital expenditure shortage by internally generated funds and/or bank borrowings.

If the Offer Price is fixed above the mid-point of the indicative price range and/or part or all of the Over-allotment Option is exercised, it is the present intention of our Directors to apply such additional net proceeds, first towards general working capital of the Group (up to an amount not exceeding 10% of the total net proceeds raised), with any balance to be applied in pursuit of our other strategies (as more particulars are set out in the paragraph headed "Our strategies" under the section headed "Business" in this prospectus which includes, without limitation, our second phase PBS production facility expansion plan). In this connection, on the assumption of the maximum Offer Price of HK$3.33 and full exercise of the Over-allotment Option, we estimate that the maximum net proceeds (after deducting underwriting fees and estimated expenses payable by us) will be approximately HK$970 million.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks in Hong Kong and/or the PRC.

The net proceeds from the Global Offering received by the Company in Hong Kong dollars will be accounted for in our financial statements at the exchange rate published by the People's Bank of China in effect at the time the net proceeds are received.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

Forecast consolidated profit attributable to equity holders of the Company(1)	not less than RMB201 million
Unaudited pro forma forecasted earnings per Share(2)	RMB0.17 (HK$0.20)

Notes:

(1) The bases on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010, on the basis that 1,170,000,000 Shares were in issue, assuming that the Shares to be issued pursuant to the Capitalization Issue and the Global Offering had been in issue on January 1, 2010. It does not take into account of any Shares which may be issued upon exercise of the Over-allotment Option or upon exercise of any options which may be granted under the Share Option Scheme.

The following table sets forth a sensitivity analysis of the forecasted consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010 with respect to the variation in the maleic anhydride cost (including purchase costand self-production cost) for the three months ending December 31, 2010, on the assumption that all other forecasted variables remain constant:

Variation in the maleic anhydride cost for the three months ending December 31, 2010[1]	**Corresponding variation in the forecasted consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010**	**Forecasted consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010 (after taking into account variation in maleic anhydride cost for the three months ending December 31, 2010**
(%)	*RMB in million*	*RMB in million*
(15)	15.9	216.9
(10)	10.6	211.6
(5)	5.3	206.3
–	–	201.0
5	(5.3)	195.7
10	(10.6)	190.4
15	(15.9)	185.1

Note:

(1) No variation in the maleic anhydride cost for the nine months ended September 30, 2010 was considered in the sensitivity analysis because we have actually incurred such cost.

The above sensitivity analysis is based on the bases set out in Appendix III to this prospectus.

THE STRUCTURE OF THE GLOBAL OFFERING

The Global Offering comprises the Hong Kong Public Offering and the International Offering. A total of 292,500,000 Shares will initially be made available under the Global Offering. A total of 263,250,000 Shares will initially be offered under the International Offering for subscription (a) in the United States to QIBs in reliance on Rule 144A or another exemption under the U.S. Securities Act and (b) outside the United States in reliance on Regulation S, in the International Offering and the remaining 29,250,000 Shares will initially be offered to the public under the Hong Kong Public Offering (subject, in each case, to reallocation on the basis described in the paragraph headed "The Hong Kong Public Offering" under the section headed "Structure of the Global Offering" in this prospectus).

Investors may apply for Shares under the Hong Kong Public Offering or indicate an interest for Shares under the International Offering, but not under both. Investors may only receive Shares under either the International Offering or the Hong Kong Public Offering, but not under both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offering will involve the selective marketing of Shares to QIBs in the United States in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

As part of the International Offering process, prospective professional, institutional and other investors will be required to specify the number of Shares they would be prepared to acquire under the International Offering either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about December 2, 2010.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraph headed "The Hong Kong Public Offering" under the section headed "Structure of the Global Offering" in this prospectus.

THE GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$2.33	Based on an Offer Price of HK$3.33
Market capitalization of our Shares(1)	HK$2,726.1 million	HK$3,896.1 million
Prospective price/earnings multiple on a pro forma basis(2)	11.6 times	16.6 times
Unaudited pro forma adjusted net tangible asset value per Share(3)	RMB1.13 (HK$1.32)	RMB1.34 (HK$1.57)

Notes:

(1) The calculation of market capitalization is based on 1,170,000,000 Shares expected to be in issue following completion of the Global Offering and the Capitalization Issue, but assuming no exercise of the Over-allotment Option.

(2) The calculation of the prospective price/earnings multiple on a pro forma basis is based on the forecasted earnings per Share on a pro forma basis at the respective Offer Prices of HK$2.33 and HK$3.33 per Share, assuming that the Over-allotment Option will not be exercised.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II "Unaudited Pro Forma Financial Information" in this prospectus and on the basis of 1,170,000,000 Shares expected to be in issue following the Global Offering and the Capitalization Issue. This calculation assumes an Offer Price of HK$2.33 and HK$3.33 and that the Over-allotment Option will not be exercised.