This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Shares.

OVERVIEW

We are a leading specialty chemical provider based in China specializing in bleaching and disinfectant chemicals and ADC foaming agent. According to Frost & Sullivan, we were the second largest producer of sodium chlorate and third largest producer of ADC foaming agent in China in 2010 in terms of both revenue and sales volume. We were also among the top 10 producers of hydrogen peroxide in China in 2010 in terms of both revenue and sales volume. According to Frost & Sullivan, we were among the first producers in China to produce sodium chlorate, which is used by our downstream customers to produce chlorine dioxide for bleaching and disinfecting purposes, and we were the largest exporter of sodium chlorate in China in 2010 in terms of sales volume.

Headquartered in Fuzhou, our three major production facilities are strategically located in Fujian province, with convenient access to both major domestic industrial customers in eastern China and international customers overseas. Our products can be divided into three categories: bleaching and disinfectant chemicals (which primarily include sodium chlorate and hydrogen peroxide), ADC foaming agent, and other specialty chemicals (which primarily include potassium chlorate, sodium perchlorate, potassium perchlorate, caustic soda and biurea). We believe we are well positioned to benefit from the rapid economic growth of China, as our products constitute important inputs for many industries and have a wide range of applications across different fields, including pulp and paper bleaching, textile and fabric bleaching, water and wastewater treatment, electroplating cleaning, clinical disinfection, rubber and plastic resin manufacturing and building materials production. The use of sodium chlorate and hydrogen peroxide is critical for our customers to achieve "elemental chlorine free" (ECF) and "total chlorine free" (TCF) production processes, respectively, which are environmentally friendly alternatives to the traditional use of chlorine as a bleaching agent and disinfectant. The ECF production process uses chlorine dioxide while the TCF production process does not use any chlorine compounds. We expect the demand in China for specialty chemical products that enable ECF and TCF production processes for bleaching and disinfection by our downstream customers will continue to rise in light of the PRC government's increasing focus on the implementation of environmental protection policies, and the performance of its duties and obligations under various international treaties, including, most notably, the Stockholm Convention on Persistent Organic Pollutants, which aims to eliminate or restrict the production and use of persistent organic pollutants.

Our strong research and development capability has enabled us to maintain our industry-leading position in key production technologies for the manufacture of bleaching and disinfectant chemicals, such as electrolysis and crystallization, which in turn contributes to our product quality.

We have grown consistently over the Track Record Period in terms of both revenue and net profit. Our revenue increased from RMB700.1 million in 2008 to RMB1,211.8 million in 2010, representing a CAGR of 31.6%, and from RMB552.5 million for the six months ended June 30, 2010 to RMB715.3 million for the six months ended June 30, 2011. Our profit for the year increased from RMB77.2 million in 2008 to RMB170.7 million in 2010, representing a CAGR of 48.7%, and from RMB62.6 million for the six months ended June 30, 2010 to RMB133.3 million for the six months ended June 30, 2011. As of September 30, 2011, our total designed annual production capacity of sodium chlorate, hydrogen peroxide and ADC foaming agent was 75,000 tons, 200,000 tons and 15,000 tons, respectively.

OUR COMPETITIVE STRENGTHS

We believe that we possess the following principal strengths enabling us to compete in the specialty chemical manufacturing industry in China as well as the rest of Asia:

- a leading specialty chemical provider based in China;
- advanced technical and production expertise;
- a strong domestic and international customer base with long-term collaborative relationships;
- strategically located production facilities ensuring convenient access to customers and hydroelectric power sources;
- well positioned to benefit from industry trends and increasing demand for environmentally friendly products; and
- experienced management team with a proven track record.

OUR BUSINESS STRATEGIES

We aim to maintain and further strengthen our position as a leading specialty chemical provider based in China and to expand our business both domestically and internationally by pursuing the following strategies:

- further strengthen our leading market position by increasing production capacity;
- selectively seek acquisition opportunities and expand our market presence;
- optimize our product mix;
- improve production efficiency and increase economies of scale; and
- continue to retain and attract talented personnel.

SUMMARY FINANCIAL INFORMATION

The following tables summarize our consolidated historical financial information during the Track Record Period. The summary of consolidated balance sheets data as of December 31, 2008, 2009 and 2010 and June 30, 2011 and the summary of consolidated statements of comprehensive income data for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 and 2011 included in the following tables are derived from, and should be read in conjunction with, our consolidated financial information included in the Accountant's Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS.

Summary Data of Consolidated Statements of Comprehensive Income

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
	(RMB in thousands)				
Revenue	700,055	1,006,502	1,211,826	552,465	715,316
Cost of sales	(501,958)	(730,846)	(891,009)	(422,063)	(487,333)
Gross profit	**198,097**	**275,656**	**320,817**	**130,402**	**227,983**
Selling and marketing expenses	(16,569)	(15,785)	(20,944)	(9,257)	(15,200)
Administrative expenses	(42,879)	(45,856)	(51,281)	(25,731)	(27,071)
Other income	1,174	1,450	1,910	912	3,511
Other (losses)/gains-net	(603)	(1,342)	(3,146)	(773)	350
Operating profit	**139,220**	**214,123**	**247,356**	**95,553**	**189,573**
Finance income	1,058	437	1,621	867	1,127
Finance costs	(33,794)	(29,225)	(19,581)	(11,717)	(13,523)
Finance costs-net	(32,736)	(28,788)	(17,960)	(10,850)	(12,396)
Profit before income tax	**106,484**	**185,335**	**229,396**	**84,703**	**177,177**
Income tax expense	(29,283)	(48,970)	(58,719)	(22,062)	(43,927)
Profit and total comprehensive income for the year/period	**77,201**	**136,365**	**170,677**	**62,641**	**133,250**
Attributable to:					
— Equity holders of the Company	62,307	134,413	169,051	62,049	132,185
— Non-controlling interests	14,894	1,952	1,626	592	1,065
	77,201	**136,365**	**170,677**	**62,641**	**133,250**

Summary Data of Consolidated Balance Sheets

	As of December 31,			As of June 30,
	2008	2009	2010	2011
	(RMB in thousands)			
ASSETS				
Non-current assets				
Land use rights	75,665	77,311	79,095	78,213
Property, plant & equipment	548,360	622,848	710,654	696,566
Intangible assets	7,382	1,476	—	—
Available-for-sale financial assets	—	—	—	10,500
Deferred income tax assets	496	1,218	370	37
Other non-current assets	17,954	37,030	268	4,638
	649,857	**739,883**	**790,387**	**789,954**
Current assets				
Inventories	48,013	56,308	107,527	103,740
Trade and other receivables	124,419	253,576	269,910	300,197
Restricted cash	13,300	38,293	30,895	38,787
Cash and cash equivalents	68,034	195,834	397,231	392,780
	253,766	**544,011**	**805,563**	**835,504**
Total assets	**903,623**	**1,283,894**	**1,595,950**	**1,625,458**
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	—	—	—	—
Reserves	232,064	297,891	334,471	443,429
Retained earnings	89,043	178,060	326,348	458,533
	321,107	475,951	660,819	901,962
Non-controlling interests	4,469	6,421	8,047	9,112
Total equity	**325,576**	**482,372**	**668,866**	**911,074**
LIABILITIES				
Non-current liabilities				
Borrowings	64,500	172,500	154,270	154,270
Deferred income	4,050	6,835	9,291	14,143
	68,550	**179,335**	**163,561**	**168,413**
Current liabilities				
Trade and other payables	227,086	310,452	507,493	286,248
Current income tax liabilities	9,692	16,023	22,450	24,031
Borrowings	272,719	295,712	233,580	235,692
	509,497	**622,187**	**763,523**	**545,971**
Total liabilities	**578,047**	**801,522**	**927,084**	**714,384**
Total equity and liabilities	**903,623**	**1,283,894**	**1,595,950**	**1,625,458**
Net current (liabilities)/assets	**(255,731)**	**(78,176)**	**42,040**	**289,533**
Total assets less current liabilities	**394,126**	**661,707**	**832,427**	**1,079,487**

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2011

On the bases and assumptions set out in the section headed "Profit Forecast" in Appendix III to this prospectus and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending December 31, 2011 is set out below:

	Not less than
Forecast consolidated profit attributable to equity holders of our Company	RMB260.0 million
Unaudited pro forma forecast earnings per Share	RMB0.325

The calculation of the unaudited pro forma forecast earnings per Share is based on the unaudited forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2011, assuming that the Global Offering had been completed on January 1, 2011 and a total of 800,000,000 Shares were in issue and outstanding during the entire 12 months ending December 31, 2011. The calculation takes no account of any shares which may be issued upon exercise of the Over-allotment Option or the options which may be granted in the Pre-IPO Share Option Scheme and the Share Option Scheme.

The earnings per Share information as disclosed in the financial information section of the Accountant's Report set out in Appendix I to this Prospectus only represented the historical earnings per Share based on the historical number of Shares of the Company before the Global Offering and the Capitalization Issue. **Investors are cautioned that the historical earnings per Share is not comparable to the pro forma forecast earnings per Share as presented above and elsewhere in this prospectus**.

OFFER STATISTICS

We have prepared the following offer statistics on the basis of hypothetical Offer Prices without taking into account the 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee. We have also assumed no exercise of the Over-allotment Option.

	Based on Offer Price per Share of HK$2.45	**Based on Offer Price per Share of HK$3.25**
Market capitalization of our Shares	HK$1,960 million	HK$2,600 million
Unaudited pro forma adjusted net tangible asset value per Share	RMB1.54 (HK$1.89)	RMB1.70 (HK$2.09)

The calculation of our market capitalization upon completion of the Global Offering is based on the assumption that 800,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering. The unaudited pro forma adjusted net tangible asset value per Share is calculated after the adjustments referred to in the section entitled "Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" in this prospectus and on the basis of a total of 800,000,000 Shares in issue immediately following the Global Offering.

DIVIDEND POLICY

We declared and paid cash dividends of approximately RMB20.0 million, RMB20.1 million, nil and RMB100.4 million to our shareholders for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

Pursuant to the Companies Law and our Articles of Association, we, through a general meeting, may declare final dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. Dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law, provided that no dividend may be paid out of the share premium account unless, immediately following the date on which the dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

Future dividend payments will also depend upon the availability of dividends received from our subsidiary companies in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary companies may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiary companies may enter into in the future.

The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has an absolute discretion to recommend any dividend for any year. There is no assurance that dividends of any amount will be declared or distributed in any year.

As of the Latest Practicable Date, we had no plans to distribute the retained earnings of the PRC subsidiaries of the Company and as such, no provision for withholding tax had been made. Please refer to Note 11 to the Accountant's Report set out in Appendix I to this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from our operations and bank borrowings, as well as equity financing through shareholders. Our principal uses of cash have been for the funding of required working capital to support the expansion of our operations, the purchase of property, plant and equipment, income tax and interest payments and repayments of bank borrowings. We plan to continue to use our cash to support the expansion of our operations.

Given our credit history and relationship with our principal lenders, our current credit status and the current availability of capital in China, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings. As of September 30, 2011, the total amount of undrawn banking facilities available to us was approximately RMB759.0 million. We plan to fund our future business plans, capital expenditures and related expenses as described in this prospectus with cash from operating activities, the net proceeds from the Global Offering and through short-term and long-term borrowings.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised) are estimated to be approximately HK$402.9 million, assuming an Offer Price of HK$2.45 per Share, or HK$562.9 million, assuming an Offer Price of HK$3.25 per Share, (or if the Over-allotment Option is exercised in full, HK$476.4 million, assuming an Offer Price of HK$2.45 per Share, or HK$660.4 million, assuming an Offer Price of HK$3.25 per Share).

Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.85 per Offer Share, being the midpoint of the stated Offer Price range of HK$2.45 to HK$3.25 per Offer Share, the net proceeds of the Global Offering would be approximately HK$482.9 million which we presently plan to use as follows:

- approximately HK$313.9 million, or 65% of the net proceeds, will be used for the upgrade and expansion of our three existing production plants, namely, Fuzhou Yihua, Fujian Rongchang and Fujian Rongping, including upgrading and purchasing production facilities and the set-up of new production lines, see “Business — Expansion Plans;”

- approximately HK$120.7 million, or 25% of the net proceeds, will be used to expand our operations through the acquisition of complementary businesses in the production of specialty chemicals, with a primary focus on sodium chlorate and hydrogen peroxide. We are in preliminary discussions with several potential acquisition targets as of the date of this prospectus; and

- approximately HK$48.3 million, or 10% of the net proceeds, will be used for working capital and other general corporate purposes.

The additional net proceeds that we will receive if the Over-allotment Option is exercised in full will be approximately HK$85.5 million (assuming the Offer Price at the mid-point of the stated Offer Price range of HK$2.85). If the Offer Price is fixed at HK$3.25, being the high end of the stated Offer Share range, our net proceeds will be (i) increased by approximately HK$80.0 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK$177.5 million, assuming the Over-allotment Option is exercised in full. If the Over-allotment Option is exercised in full, or if the Offer Price is fixed at the high end of the stated Offer Share range, our Directors intend to apply such additional proceeds for a combination of (i) upgrade and expansion of our three existing production plants, namely, Fuzhou Yihua, Fujian Rongchang and Fujian Rongping, and (ii) expansion of our operations through the acquisition of complementary businesses in the production of specialty chemicals.

If the Offer Price is fixed at HK$2.45, being the low end of the stated Offer Price range, our net proceeds will instead be (i) decreased by approximately HK$80.0 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK$6.5 million, assuming the Over-allotment Option is exercised in full. Our Directors currently intend to reduce our use of proceeds earmarked for the expansion of our operations through the acquisition of complementary businesses in the production of specialty chemicals.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into demand deposits, short-term time deposits and/or money market instruments.

RISK FACTORS

There are certain risks relating to an investment in our Shares. These risks can be categorized into (i) risks relating to our business; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering. These risks are further described in the section headed "Risk factors" in this prospectus and are listed below.

Risks Relating to Our Business

- We use, generate and dispose of hazardous chemicals which may subject us to liabilities.
- One of our operating subsidiaries was involved in a civil action concerning environmental pollution in the past.
- Fluctuations in the average selling prices of our products may adversely affect our results of operations.
- Any interruption, shortage of utilities or fluctuation in utility prices may adversely affect our business operations.
- Our business expansion requires significant and continuous capital investments. Failure to raise sufficient capital in a timely manner may adversely affect our future business growth.
- Our business expansion may not be completed as planned, may exceed our original budget and may not achieve the intended economic results or commercial viability.
- Our business may be adversely affected by increases in raw material prices that we are unable to pass on to our customers.
- Our business operations are subject to significant operational and transportation risks relating to hazardous chemicals and other unforeseen risks.
- We may be subject to liabilities in connection with accidents arising from our operations.
- We may be affected by import policies of the countries to which we export our products and export policies of China.
- Our operations are subject to production malfunctions and other risks and routine shutdowns for maintenance.
- We rely on distributors to distribute and market our products.
- We may not have been in full compliance with the Catalog for the Guidance of Foreign Investment Industries in the past.

- We may not be successful in identifying, acquiring or merging with suitable business targets, which could adversely affect our growth and results of operations.

- We may be adversely affected by the loss of key customers, including key international customers.

- We may not be successful in the research and development of new products or in improving the quality of our existing products.

- The failure of our patents, trademarks and confidentiality agreements to protect our intellectual property could adversely affect our business.

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

- Our insurance coverage may not be adequate to cover all the risks we may face and if we were no longer covered by our existing insurance, it may be difficult to obtain replacement insurance on acceptable terms or at all.

- Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other shareholders.

- We may be liable for damages based on product liability claims.

- Our business may be adversely affected by an inability to retain or replace our key suppliers and disruption in the supply chain.

- We are subject to risks related to change in government environmental policies.

- We have not made full contributions to a housing reserve fund and may be subject to fines or penalties.

- We face increasing competition from both domestic and foreign companies, which may affect our market share and profit margins.

- We require various permits and licenses for the operation of our business and for the production and/or trading of chemicals in China. The loss of or failure to renew any or all of these licenses and permits could adversely affect our business and operations.

- Publicity regarding us or our products may not be accurate or complete and any negative publicity about us, whether or not accurate, may adversely affect our business and reputation.

- The national and regional economies in which we operate or sell our products and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics.

- We experienced net current liabilities during the Track Record Period and may need additional external financing to fund our working capital and capital expenditure requirements and we may not be able to obtain such financing on acceptable terms or at all.

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

Risks Relating to the PRC

- PRC economic, political and social conditions, as well as governmental policies, could affect our business and prospects.

- Changes in government control of currency conversion and in PRC foreign exchange regulations may adversely affect our business operations.

- Interpretation of the PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you.

- Fluctuations in the value of the Renminbi or the domestic currencies of our international customers may adversely affect our business and the value of distributions by our PRC subsidiaries.

- We may be deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC tax on our worldwide income, which may significantly increase our income tax expenses and materially decrease our profitability or otherwise adversely affect the value of your investment.

- The strengthened scrutiny over acquisition and disposition transactions by the PRC tax authorities may have a negative impact on us or your disposition of our Shares.

- Dividends payable by us to our foreign investors and gains on the sale of their Shares may become subject to withholding income tax under PRC tax laws.

- We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

- PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries or to make additional capital contributions to our PRC subsidiaries.

- The enforcement of the new PRC Labor Contract Law and increase in labor costs in the PRC may adversely affect our business and our profitability.

Risks Relating to the Global Offering

- An active trading market in our Shares may not develop, which could have a material and adverse effect on our Share price and on your ability to sell your Shares.

- The trading volume and market price of our Shares may be volatile.

- The Offer Price may not be indicative of prices that will prevail in the trading market.
- You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future.
- Future offerings or sales of our Shares could adversely affect the prevailing market price of our Shares and result in dilution.
- We cannot guarantee the accuracy of facts, forecasts and other statistics derived from various official government publications with respect to China, the PRC economy and the PRC chemical industry contained in this prospectus.
- It may be difficult to effect service of process upon our Directors and senior management members who reside in mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts.
- Our Pre-IPO Share Option Scheme will have a dilutive effect on your shareholding percentage and may result in our issuances of Shares at prices lower than their trading price or fair market price.

Summary of certain risks relating to our business

The following is a summary of some, but not all, of the risks relating to our business:

We use, generate and dispose of hazardous chemicals which may subject us to liabilities.

Our business and operations involve the use, generation and disposal of hazardous substances, including substances that are highly regulated and may cause harm to the environment or human health, including chlorine, sulfur dioxide and chromium. We cannot assure you that we will be in compliance with all PRC environmental protection laws and regulations at all times. In addition, our operations and prior operations by others at properties where our facilities are currently located could result in releases of hazardous chemicals or other forms of pollution. In such events, we may be subject to claims for personal injury or property damages and may be ordered to investigate or remedy the conditions or pay compensation. See “Risk Factors — Risks Relating to Our Business — We use, generate and dispose of hazardous chemicals which may subject us to liabilities.”

One of our operating subsidiaries was involved in a civil action concerning environmental pollution in the past.

In 2002, certain residents in Pingnan County, which is adjacent to the facilities of our subsidiary Fujian Rongping, filed a lawsuit against Fujian Pingnan, the predecessor of Fujian Rongping, seeking compensation for environmental pollution and psychological damages. Although we believe Fujian Rongping was not the source of the alleged pollution, we were ultimately ordered to pay compensation. We cannot assure you that we will not be subject to proceedings or disputes, similar or otherwise, in the future. Further, negative publicity arising from such proceedings or disputes could damage our business image and reputation. See “Risk Factors — Risks Relating to Our Business — One of our operating subsidiaries was involved in a civil action concerning environmental pollution in the past.”

Fluctuations in the average selling prices of our products may adversely affect our results of operations.

The average selling prices of our bleaching and disinfectant chemicals, ADC foaming agent and other specialty chemicals are subject to fluctuations primarily caused by general market conditions, such as market competition, changes in raw material costs, and other factors that are beyond our control, such as the global financial crisis, which affected the businesses of our downstream customers and, in turn, their demand for our products. A decline in the average selling prices for our products will adversely affect our revenue, profit margins, and other aspects of our results of operations could be adversely affected. See "Risk Factors — Risks Relating to Our Business — Fluctuations in the average selling prices of our products may adversely affect our results of operations."

Any interruption, shortage of utilities or fluctuation in utility prices may adversely affect our business operations.

Our production process requires a stable and large supply of utilities, primarily electricity and water. Electricity plays a particularly important function in the production of our products. As such, our entire production process may be forced to stop if there is an insufficient supply of utilities or a suspension of such supplies. Any shortage of supply may therefore adversely affect our production flow and prevent us from satisfying obligations under purchase contracts with our customers during the affected period. See "Risk Factors — Risks Relating to Our Business — Any interruption, shortage of utilities or fluctuation in utility prices may adversely affect our business operations."

Our business expansion requires significant and continuous capital investments. Failure to raise sufficient capital in a timely manner may adversely affect our future business growth.

We require a significant amount of capital to expand, maintain and operate our production facilities. We expect to further increase our capital expenditures in the future as we seek to strengthen our leading market position in China by expanding our production capacity and further developing our technologies. Given that a substantial portion of our capital expenditures are incurred in advance of any actual sales, our success is heavily dependent on our ability to continue to secure and successfully manage sufficient amounts of working capital. See "Risk Factors — Risks Relating to Our Business — Our business expansion requires significant and continuous capital investments. Failure to raise sufficient capital in a timely manner may adversely affect our future business growth."

ENVIRONMENTAL PROTECTION

Our business and operations involve the use, generation and disposal of hazardous substances, including substances that are highly regulated and may cause harm to the environment or human health, including chlorine, sulfur dioxide and chromium. As a result, we are subject to PRC environmental protection laws and regulations governing the emission, discharge, release and disposal of these substances and other pollutants and are required to obtain government authorizations for operations and to adopt effective measures to control and properly manage and dispose of materials containing hazardous chemicals. As part of our commitment to sound environmental practices, we have invested in waste water treatment, residual gas treatment, and solid waste treatment facilities at our production plants. See "Business — Environmental Protection — Overview."

Our operation and environmental protection measures are subject to regular reviews by relevant environmental protection authorities. During the Track Record Period, we have not received any adverse findings or recommendations for improvement in relation to such monitoring and reviews.

Pursuant to the Tentative Measures on Clean Production Review, any enterprise that uses or discharges toxic and hazardous materials in its manufacturing process shall be subject to a mandatory review on clean production measures. See "Regulations — Regulations on Environmental Protection — Tentative Measures on Clean Production Review." Fujian Rongchang and Fuzhou Yihua completed their respective reviews, evaluations and examinations and obtained the relevant approvals in April 2009 and December 2006, respectively. Fuzhou Yihua is expected to complete its second review and file its second review report for evaluation and examination by the relevant governmental authorities before the end of 2011. Fujian Rongping filed its second review report with the relevant governmental authorities and obtained preliminary approval in January 2011, with final approval currently still subject to the evaluation and examination process of the relevant governmental authorities. For further information, see "Business — Environmental Protection — Overview."

In 2002, certain residents in Pingnan County, which is adjacent to the facilities of our subsidiary Fujian Rongping, filed a lawsuit against Fujian Pingnan, the predecessor of Fujian Rongping, seeking compensation for environmental pollution and psychological damages. On April 15, 2005, the Intermediate People's Court of Ningde City decided in favor of the plaintiffs. The case was appealed to the High People's Court of Fujian Province, which issued a final judgment on November 16, 2005, also in the plaintiffs' favor. Fujian Rongping settled the damages payable in full, in the amount of RMB684,178, on November 23, 2005. Our PRC legal adviser, Zhong Lun Law Firm, has confirmed that the judgment of the High People's Court of Fujian Province is considered final under PRC law. Subsequent to this case, we have not been involved in any environmental pollution-related actions or proceedings. Although we believe Fujian Rongping was not the source of environmental pollution damages described in the allegations, Fujian Rongping has duly performed its legal duties as required and satisfied the final judgment. In addition, we have carried out a number of additional actions to further improve our environmental protection control measures, not only to enhance our overall production management but also for the purpose of building up factual evidence to defend against any similar allegations in the future. As a result of our efforts, Fujian Rongping obtained ISO14001:2004 certification for its environmental management system in 2008. We are also in the process of obtaining ISO14001:2004 certification for our two other operating subsidiaries. See "Business — Environmental Protection — Environmental Litigation."

In August 2011, we obtained a clearance letter from each of the relevant environmental protection regulatory authorities in the counties where we operate, confirming, among other things that, since its respective incorporation, each of our three operating subsidiaries has been in compliance with the applicable environmental protection laws and regulations. In addition, in April and May 2011, we also obtained clearance letters from the relevant city-level environmental protection regulatory authorities confirming that, after an environmental review of our three operating subsidiaries' operations since 2008, each of our three operating subsidiaries has been in compliance with the applicable environmental protection laws and regulations. Further, in June 2011, we obtained a confirmation letter from the Fujian Provincial Environmental Monitoring Central Unit (福建省環境監察總隊), the enforcement arm of the Fujian Provincial Department of Environmental Protection, confirming that each of Fujian Rongchang, Fujian Rongping, and Fuzhou Yihua has been in compliance with the applicable environmental protection laws and regulations. See "Business — Environmental Protection — Environmental Litigation — Confirmation by regulatory authorities."

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme in which certain eligible participants may be granted options to acquire Shares. Our Directors believe that the Share Option Scheme will assist in our recruitment and retention of quality executives and employees. A summary of the principal terms of the Share Option Scheme is set forth under "Share Option Scheme" in Appendix VI entitled "Statutory and General Information" to this prospectus.

PRE-IPO SHARE OPTION SCHEME

Our Company has conditionally adopted the Pre-IPO Share Option Scheme in which certain eligible participants may be granted options to acquire Shares before the Listing. Our Directors believe that the Pre-IPO Share Option Scheme will assist in our recruitment and retention of quality executives and employees. A summary of the principal terms of the Pre-IPO Share Option Scheme is set forth under "Pre-IPO Share Option Scheme" in Appendix VI entitled "Statutory and General Information" to this prospectus.

The maximum number of Shares which may be issued in respect of options granted under the Pre-IPO Share Option Scheme shall not exceed 16,000,000 Shares, representing 2% of the total number of Shares issued and outstanding immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).