
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following the completion of the Capitalization Issue and the Global Offering, Greatpart will own approximately 47.60% of our issued share capital (assuming the Over-allotment Option is not exercised) and approximately 45.55% (assuming the Over-allotment Option is exercised in full). Greatpart is an investment holding company which is wholly-owned by Sinochem Group. Accordingly, Greatpart and Sinochem Group are our Controlling Shareholders.

Sinochem Group is a state-owned enterprise under the supervision of SASAC. Sinochem Group was founded in 1950 and is currently one of the largest state-owned conglomerates in China. Its business covers a range of sectors including energy, agriculture, chemical, real estate and financial service. Sinochem Group and its subsidiaries (excluding our Group) are collectively referred to as Sinochem Conglomerate in this prospectus.

Currently, Sinochem Group is the controlling shareholder of Franshion and Sinofert (each of whose shares are listed on the Stock Exchange) and Sinochem International Corporation (whose shares are listed on the Shanghai Stock Exchange).

Franshion is a developer of, and investor in, large-scale and quality commercial real estate projects in China and is the flagship real estate development company of Sinochem Conglomerate. As of the Latest Practicable Date, Sinochem Group had a shareholding interest of approximately 62.87% in Franshion.

Sinofert is a supplier of chemical fertilizer, distributor of imported chemical fertilizer and a producer of phosphatic compound fertilizer in China. As of the Latest Practicable Date, Sinochem Group had a shareholding interest of approximately 52.69% in Sinofert.

Sinochem International Corporation is involved in rubber, chemicals, metallurgy, chemical goods and products logistics. As of the Latest Practicable Date, Sinochem Group had a shareholding interest of approximately 55.17% in Sinochem International Corporation.

INDEPENDENCE FROM SINOCHEM CONGLOMERATE

Our Group is independent of, and does not place undue reliance on, Sinochem Conglomerate, for the following reasons:

Operational Independence

We are able to operate independently of Sinochem Conglomerate due to the following factors:

- *Clear delineation of business activities between Sinochem Conglomerate and our Group.* In comparison with the business activities of Sinochem Conglomerate (which covers a range of sectors including energy, agriculture, chemical, real estate, and financial service), we engage in separate business activities relating to the provision of equipment-based leasing services, advisory, trading and brokerage services to customers primarily operating within six target industries in China, namely the healthcare, education, infrastructure construction, shipping, printing and machinery industries. Our Group's Controlling Shareholder, Sinochem Group, has confirmed to us that we are designated as the uniform platform for financial leasing and financial leasing-related services within the Sinochem Conglomerate (including our Group) and the business activities of Sinochem

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Conglomerate do not overlap with that of our Group. See the section headed “Non-competition Undertaking” below for further details of Sinochem Group’s confirmation to us.

- *Location and lease of properties.* We occupy different office spaces from Sinochem Conglomerate. We rent a number of properties from certain of our connected persons, namely Chemsunny, Jin Mao and Sinochem HK (collectively the “**Lessors**”), as office premises, details of which are set out in the section headed “Connected Transactions—Continuing Connected Transactions—Non-Exempt Continuing Connected Transactions” in this prospectus. Each of our property leases was entered into on normal commercial terms after arm’s length negotiations. We believe that in the event any of the Lessors ceases to lease any of the properties to us, we would be able to find suitable alternative premises from independent third parties in the same region without substantial undue delay or inconvenience.

In addition, we have a right to terminate the lease of any premises leased from the Lessors prior to expiry of the lease term, and the lease agreements do not contain any provisions that would restrict our ability to lease similar properties from independent third parties. Furthermore, for the year ending December 31, 2011, our Directors expect that the maximum aggregate amounts (including rental, management fees and other fees) payable to the Lessors in respect of the leases will not exceed RMB36,104,091, which is approximately 2.5% of our revenue and approximately 7.1% of our total cost of sales for the year ended December 31, 2009. Therefore, our Directors are of the view that we do not in any way rely on the Lessors to secure our use of offices.

- *Staff.* Save as described in the section headed “—Management Independence” below, we employ our own staff (including the management).
- *Customer base.* Our sales and marketing functions are carried out independently from those of Sinochem Conglomerate. Our revenue is substantially derived from independent third party customers within the healthcare, education, infrastructure construction, shipping, printing and machinery industries. For the years ended December 31, 2007, 2008, 2009 and the nine months ended September 30, 2010, only approximately 0.2%, 0.5%, 0.2% and 0.2% respectively of our revenue were derived from certain saving deposit arrangements with members of Sinochem Conglomerate in the form of interest income, and these arrangements will be terminated on or before the Listing Date. See the section headed “— Financial Independence” below for further details of such saving deposit arrangements with Sinochem Conglomerate.
- *Operational functions.* Our operational functions, such as cash and accounting management, invoicing and billing, are run independently of Sinochem Conglomerate. Although Sinochem Conglomerate provides us with certain information technology services, grants a license to us to use certain trademarks and leases certain properties to us (see the section headed “Connected Transactions—Continuing Connected Transactions” in this prospectus), save for the trademarks licensed to us under the trademark license agreement, other services provided by Sinochem Conglomerate are readily available in the market and we may engage independent third party providers to provide us with such services.

As such, our business operations are clearly delineated and independent from the business operations of Sinochem Conglomerate.

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Management Independence

We are able to carry on our business independently from Sinochem Conglomerate from a management perspective. Our Board comprises two executive Directors, five non-executive Directors and four independent non-executive Directors. As of the Latest Practicable Date, one of our executive Directors and three of our non-executive Directors held certain positions within Sinochem Conglomerate, details of which are set out below:

Name of Directors	Name of company	Relationship with Sinochem Group	Position
Mr. Liu Deshu (Non-executive Director)	Sinochem Group	—	President
	Sinochem Corporation	98% directly owned by Sinochem Group	Chairman
	Sinofert Holdings Limited	52.69% indirectly owned by Sinochem Group	Chairman
	Sinochem Quanzhou Petrochemical Co., Ltd. (中化泉州石化有限公司)	Wholly-owned by Sinochem Corporation	Chairman
Mr. Kong Fanxing (Executive Director)	Sinochem Group	—	Assistant President
Mr. Yang Lin (Non-executive Director)	Sinochem Group	—	Chief Financial Officer
	Sinochem Corporation	98% directly owned by Sinochem Group	Chief Financial Officer
			Chairman of Budget and Evaluation Committee
	Sinochem International Corporation (中化國際(控股)股份有限公司)	55.17% indirectly owned by Sinochem Group	Director
	Sinofert Holdings Limited	52.69% indirectly owned by Sinochem Group	Director
	Sinochem Finance Co., Ltd. (中化集團財務有限責任公司)	Wholly-owned by Sinochem Corporation	Chairman
Ms. Shi Dai (Non-executive Director)	Sinochem Group	—	Deputy General Manager of Human Resources Department
	Sinochem Corporation	98% directly owned by Sinochem Group	Deputy General Manager of Human Resources Department
	Sinochem Ningbo Ltd. (中化寧波(集團)有限公司)	51% directly owned by Sinochem Group	Director

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Our Chairman, Mr. Liu Deshu, holds certain positions within Sinochem Conglomerate. As the President of Sinochem Group, Mr. Liu takes an executive role in Sinochem Group and spends majority of his time in the overall management of Sinochem Group. His duties and responsibilities as Chairman of Sinochem Corporation, Sinofert and Sinochem Quanzhou Petrochemical Co., Ltd. are primarily to preside over and participate in board meetings to make major business decisions, and he is not involved in the daily operation of these companies. Mr. Liu has a non-executive role on our Board and his role in our Company will be to preside over and participate in board meetings to make decisions on important matters of our Company. However, as the Chairman and a non-executive Director, he will not be involved in the day-to-day management of our Company.

Our Vice Chairman, executive Director and Chief Executive Officer, Mr. Kong Fanxing, as the Assistant President of Sinochem Group in charge of our Group, devotes substantially all of his time to the daily operations of our Group, and is not involved in the day-to-day management of Sinochem Group. It is intended that Mr. Kong will resign from the position of Assistant President of Sinochem Group within one month from the Listing Date.

Our non-executive Director, Mr. Yang Lin, as the Chief Financial Officer of Sinochem Group and Sinochem Corporation and the Chairman of the Budget and Evaluation Committee of Sinochem Corporation, is responsible for overseeing the financial, accounting and fund management affairs of Sinochem Group and Sinochem Corporation. Mr. Yang's role as director of Sinochem International Corporation Sinofert and as Chairman of Sinochem Finance Co., Ltd. is in the form of non-executive role, primarily to preside over (as to Sinochem Finance Co., Ltd.) and participate in board meetings to make major business decisions. As a non-executive Director of our Company, Mr. Yang's duties and responsibilities are primarily to attend meetings of our Board and to make decisions on important matters of our Company. Mr. Yang is not involved in the day-to-day management of our Company.

Our non-executive Director, Ms. Shi Dai, as the Deputy General Manager of the Human Resources Department of Sinochem Group and Sinochem Corporation, is responsible for overseeing the human resources management affairs of Sinochem Group and Sinochem Corporation. Ms. Shi's role as director of Sinochem Ningbo Ltd. is in the form of non-executive role, primarily to attend board meetings. As a non-executive Director of our Company, Ms. Shi's duties and responsibilities are primarily to attend meetings of our Board and meetings of the remuneration and nomination committee under our Board and to make decisions on important matters of our Company. Ms. Shi is not involved in the day-to-day management of our Company.

During the Track Record Period, except for Mr. Kong Fanxing, who derived all of his remuneration from our Company, Mr. Liu Deshu, Mr. Yang Lin and Ms. Shi Dai derived all of their remunerations from Sinochem Conglomerate.

Save as disclosed above, none of our Directors and senior management hold any position within Sinochem Conglomerate. Furthermore, as the business activities of Sinochem Conglomerate do not compete, or are not likely to compete, with our businesses, the overlapping roles assumed by Mr. Liu Deshu, Mr. Kong Fanxing, Mr. Yang Lin and Ms. Shi Dai in most cases will not affect the requisite degree of impartiality of these Directors in discharging their fiduciary duties owed to our Company. However, as the four Directors hold certain positions within Sinochem Conglomerate, they are considered conflicted Directors and shall be subject to the corporate governance measures set out under paragraphs (a) to (c) of the section headed "—Corporate Governance Measures".

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Financial Independence

Certain members of our Group had obtained loans from or had been provided with guarantees by Sinochem Conglomerate during the Track Record Period. We had also entered into certain saving deposit arrangements with Sinochem Conglomerate during the Track Record Period. As at December 31, 2007, 2008 and 2009 and September 30, 2010, a total amount of US\$4,401,000, US\$13,738,000, US\$17,957,000 and US\$9,389,000 respectively in cash was deposited with Sinochem Conglomerate. Agreements for loans, guarantees and saving deposits were entered into on normal commercial terms after arm's length discussion between us and Sinochem Conglomerate. Interest rates under the agreements (if applicable) were determined according to the benchmark rates published by the PBOC. All these transactions between us and Sinochem Conglomerate will be terminated on or before the Listing Date in accordance with the terms and conditions of the relevant agreements. As such, our Directors believe that we are financially independent from Sinochem Conglomerate.

NON-COMPETITION UNDERTAKING

Sinochem Group, our ultimate Controlling Shareholder, has entered into a non-competition undertaking (the “**Non-competition Undertaking**”) dated March 11, 2011 in favor of our Company. Pursuant to the Non-competition Undertaking, Sinochem Group has confirmed to our Company that as at the date of the Non-competition Undertaking, Sinochem Group and/or its subsidiaries (other than any members of our Group) do not have any business which, directly or indirectly, competes with the businesses of our Group, that is (i) financial leasing and financial leasing-related advisory services, (ii) trading services within the healthcare and printing industries which include medical equipment and parts, paper, ink, cardboard and paper goods, as well as trade agency services within the machinery industry, and (iii) ship brokerage services in the form of broker sales and purchases of new and used vessels within the shipping industry (the “**Restricted Business**”).

Pursuant to the Non-competition Undertaking, Sinochem Group has undertaken to our Company that it will not, and will procure that none of its subsidiaries (other than any members of our Group) will, during the Restricted Period (as defined below), directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business in the PRC or elsewhere in the world which is or is likely to be in competition with the Restricted Business.

Such non-competition undertaking does not apply to interests in parties which:

- (a) are engaged in the Restricted Business through having, directly or indirectly, any interests in the shares of any member of our Group; or
- (b) are engaged in the Restricted Business through having interests directly or indirectly in the shares of a company other than our Group provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated sales or consolidated assets, as shown in that company's latest audited accounts; and
 - (ii) the total number of the shares held by Sinochem Group and/or its subsidiaries (as defined in the Listing Rules and other than any members of our Group) in aggregate does not exceed 10% of the issued shares of that class of the company in question and

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Sinochem Group and/or its subsidiaries (other than any members of our Group) are not entitled to appoint a majority of the directors of that company.

The “**Restricted Period**” is defined in the Non-competition Undertaking as the period commencing on the Listing Date and ending on the earlier of the date on which:

- (a) our Shares cease to be listed on the Stock Exchange; and
- (b) Sinochem Group and/or its subsidiaries (other than any members of our Group) cease to be the controlling shareholders of our Company.

Further Undertakings

Sinochem Group has further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the “**New Opportunity**”) identified by or offered to Sinochem Group and/or its subsidiaries (other than any members of our Group) (the “**Offeror**”) is first referred to us in the following manner:

- (a) Sinochem Group is required to, and shall procure its subsidiaries (other than any members of our Group) to, refer, or to procure the referral of, the New Opportunity to us, and shall as soon as possible give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) such New Opportunity would constitute competition with our business, and (ii) it is in the interest of our Group to pursue such New Opportunity (including, but not limited to, the nature of the New Opportunity and the details of the investment or acquisition costs) (the “**Offer Notice**”).
- (b) After receipt of the Offer Notice, an independent board committee comprising all of our independent non-executive Directors shall consider the New Opportunity. When considering whether or not to pursue a New Opportunity, our independent board committee will consider whether the relevant business opportunities are expected to present a sustainable level of profitability, accord with the then current development strategy of our Group, and in other respects would be in the best interests of our Shareholders as a whole. Our independent board committee may appoint an independent financial advisor or other professional advisors at our Company’s cost to advise it in respect of the New Opportunity. The Offeror shall provide all information reasonably required by such independent board committee, independent financial advisor and/or other professional advisors to assist them in their assessment of the New Opportunity. Our independent board committee shall have 28 days (or if an independent financial advisor and/or other professional advisors are appointed, 42 days) (or in each case, such longer period of time as may be reasonably requested by the independent board committee) since the date of the Offer Notice to consider whether the New Opportunity should be pursued. The independent board committee shall notify the Offeror in writing of its decision to pursue or not to pursue the New Opportunity.
- (c) The Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a notice from our independent board committee declining the New Opportunity and confirming that such New Opportunity would not constitute competition with our business, or (ii) the Offeror has not received such notice from our independent board committee within the period of time specified in (b) above from our receipt of the Offer Notice.

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If there is a material change in the terms and conditions of the New Opportunity referred to or procured to be referred to by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

Sinochem Group has further undertaken to, if we decide to pursue the New Opportunity, procure the New Opportunity to be first referred to us on fair and reasonable terms and conditions.

Option to Acquire New Business and Pre-emptive Rights

Sinochem Group has undertaken that, if we decide not to pursue the New Opportunity and Sinochem Group and/or its subsidiaries (other than any members of our Group) are entitled to pursue the New Opportunity, it will grant us or procure its subsidiaries (other than any members of our Group) to grant us an option to acquire any of new business pursuant to the New Opportunity during the Restricted Period. The exercise of such option is subject to our Company's corporate governance requirements. In the event that, during the Restricted Period, Sinochem Group or any of its subsidiaries (other than any members of our Group) intend to sell, assign or in any way dispose to a third party any new business pursuant to the New Opportunity, the seller shall first offer to our Company the right to acquire such new business. None of Sinochem Group or its subsidiaries (other than any members of our Group) may proceed with the sale, assignment or otherwise disposal of such new business pursuant to the New Opportunity to any third party, unless the terms of sale, assignment or disposal are no more favorable than those offered to our Company, following the rejection to acquire such new business by our Company.

Pursuant to the Non-competition Undertaking and in order to facilitate our enforcement of the Non-competition Undertaking, Sinochem Group has undertaken to provide us with all information necessary for us to determine whether Sinochem Group's obligations under the Non-competition Undertaking have been complied with, provided that we will be subject to any confidentiality obligations which may be reasonably imposed by Sinochem Group.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted by our Company to protect the rights of our minority Shareholders:

- (a) any conflicted Director, meaning any Director who is also a director or member of the senior management of our Controlling Shareholders or their respective subsidiaries (other than our Group), will abstain from participation and voting in any board meeting or part thereof when matters in which any conflicted Director or his or her associates have a material interest are discussed, unless his or her attendance is expressly requested by a majority of the independent non-executive Directors or except in certain prescribed circumstances where the conflicted Director's or his or her associates' interest in such matters discussed would not cause any conflict of interest between our Group and our Controlling Shareholders, such as provision of indemnity or security to the Director or his or her associates in respect of obligations undertaken by the Director or his or her associates at the request of our Company, or any arrangement in which the Director or his or her associates is interested in the same manner as other shareholders, bondholders or employees (as the case may be) of our Company. See the section headed "Summary of the Articles of Association" in Appendix VI to this prospectus for more details of the prescribed circumstances;

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- (b) our independent board committee, comprising all of our independent non-executive Directors, shall decide whether or not to exercise an option or to pursue a New Opportunity. Such independent board committee may appoint an independent financial advisor or other professional advisors at our Company's cost to advise it. Sinochem Group shall provide all information reasonably required by such independent board committee, independent financial advisor and/or other professional advisors to assist them in their assessment of the New Opportunity and/or option;
- (c) any conflicted Director (as defined in (a) above) shall not hold any executive position in either: (i) our Company or our subsidiaries; or (ii) any Controlling Shareholders or their respective subsidiaries (other than our Group) which is engaged in the same or similar business as that of our Company, save that Mr. Kong Fanxing will continue to serve as the executive Director of our Company and the Assistant President of Sinochem Group until he resigns from his position as the Assistant President of Sinochem Group within one month from the Listing Date;
- (d) the measures referred to in (a) to (c) above have been incorporated in our Articles of Association, which have been adopted by the Shareholders on March 14, 2011 prior to the Listing, or in the terms of reference of the independent board committee;
- (e) our independent board committee will review, on an annual basis, all decisions made in the relevant twelve-month period in relation to whether to exercise an option or pursue a New Opportunity, and the compliance and enforcement of the Non-competition Undertaking by Sinochem Group. Our Company will disclose such decisions and basis for them in our annual reports or by way of public announcements; and
- (f) our Company has appointed Guotai Junan Capital Limited as our compliance advisor who shall provide us with professional advice and guidance, in respect of compliance with the Listing Rules and applicable laws.