Investing in the Shares involves certain risks. You should carefully consider each of the risks described below and all of the other information contained in this prospectus, including the accountants' report included in Appendix I to this prospectus, before deciding to purchase the Shares. You should pay particular attention to the fact that our business is located almost exclusively in the PRC, and we are governed by a legal and regulatory environment which, in some respects, may differ from that which prevails in other countries.

If any of the following risks occur, our business, financial condition and results of operations could be materially and adversely affected. Additional risks and uncertainties not presently known to us, or not expressed or implie below, or that we deem immaterial, could also harm our business, financial condition and results of operations. The trading prices of our shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We may not be successful in effectively and efficiently implementing our business plans and we may not achieve our desired results from the implementation of such plans.

To sustain our competitiveness in the polyester filament yarn industry and to increase our profit, we plan to further expand our market share in China as well as in overseas markets, including Europe and the U.S. To achieve this purpose, we have devised business plans, including increasing our production capacity by building a new production site, developing new types of differentiated polyester filament yarns to expand our product portfolio, and exploring business opportunities to new markets. The implementation of these business plans requires us to effectively and efficiently manage our sales, marketing, procurement, construction and other aspects of our operations. If we fail to effectively and efficiently implement our business plans, or if we fail to anticipate customer needs and market demand accurately, in particular, in regions which have not historically been our focused markets, we may not be successful in achieving desirable and profitable results. Even if we effectively and efficiently implement our business plans, there may be other unexpected events or factors that prevent us from achieving the desirable and profitable results from the implementation of our business plans. Our financial condition, results of operations and growth prospects may be materially and adversely affected if our future business plans fail to achieve positive results.

In particular, we are planning to construct a new production site with a designed capacity of FDY and POY of 310,000 tpa and a designed capacity of DTY of approximately 188,000 tpa near our existing production site, which we expect to commence productions progressively starting from November 2011. This new production site requires a large amount of capital investments and may not be in full operation until the end of 2013. During the construction, various operational and market risks beyond our control may result in cost overrun, delay in the expansion plan or failure to complete the expansion plan at all. These risks include but are not limited to disruption of construction by unforeseen engineering or design factors as well as other disasters or accidents, such as typhoons, earthquakes, fires, strikes, riots and acts of war, failure to obtain necessary government approvals and licenses for the new production site, including but not limited to environmental assessments, and other events beyond our control. Any unanticipated delays in completion of the new production site or any cost overrun may result in a material adverse effect on our business, financial condition, results of operations and growth prospects.

Even if we complete the new production site within our desired time frame and budget, we may still be subject to various operational risks and we can not guarantee that there will not be (i) any failure to operate at the expected designed capacity or efficiency, (ii) any insufficiency in purchase orders for our products or in the raw materials for our additional production capacity, (iii) any difficulties in recruiting and retaining adequate skilled and experienced staff with technical expertise, or (iv) any other factors beyond our control. Any event of such kind may result in a material adverse effect on our business, financial condition, results of operations and growth prospects, and may result in our failure to achieve our expected results of operations.

Our business and profitability may be affected by fluctuations in raw material prices as we may not always be able to pass on the increase in raw material costs to our customers.

Our business and profitability may be affected by fluctuations in the prices of raw materials. PTA and MEG, our primary raw materials for the production of polyester filament yarns, together accounted for 80.8%, 77.9% and 74.9% of our total cost of sales for the years ended December 31, 2008, 2009 and 2010, respectively. These raw materials are crude oil-based downstream commodities, the prices of which are indirectly affected by changes in the price of crude oil. For further details on the historical prices of PTA, MEG and crude oil, please see "Industry Overview — Historical Prices of PTA, MEG and Crude Oil" in this prospectus. Certain other factors may also impact the prices of PTA and MEG, including market demand for PTA and MEG, competition and over-supply of PTA and MEG, global economic and financial conditions, government anti-dumping measures and the PRC government policy on the import and export of PTA and MEG.

As PTA and MEG prices are indirectly affected by crude oil prices, we adjust the prices of our polyester filament yarns from time to time upon changes in the market price of crude oil so as to pass through the expected increase in raw material costs to our customers. However, there is no guarantee that we will be able to pass through all or any of the increased PTA and MEG costs to our customers in a timely manner or at all. For example, we enter into individual purchase orders with our customers for sales of our products at a mutually agreed sales price and typically deliver our products within seven to 30 days after we enter into the purchase order. As these short-term purchase orders do not contain any price adjustment mechanisms, we may not be able to pass on short-term increases in raw material prices to our customers after we enter into purchase orders. Furthermore, when the market prices of our products fail to timely respond to the change of raw material prices, we may not be able to pass on the increase in the prices of raw materials to our customers and sell our products at prices acceptable to our customers in order to maintain our market share and the relationship with our customers, such as during the fourth quarter of 2009. An increase in raw material prices that we are unable to pass through to our customers will increase our production costs and materially and adversely affect our profit margin. In addition, we do not enter into hedging transactions to fix, or otherwise mitigate against fluctuations in, the prices of the raw materials we purchase for our operations.

We expect that the prices of PTA and MEG may continue to be volatile and fluctuate as the market price of crude oil changes. If the price of crude oil continues to rise, causing the prices of PTA and MEG to increase, and if there is not a corresponding increase in the price for our products, we may not be able to pass on the increase in the raw material costs to our customers in a timely manner or at all. In addition, we may be unable to effectively respond to other factors impacting the prices of PTA and MEG, such as market demand, supply and competition for PTA and MEG, global economic and financial conditions, government anti-dumping measures and the PRC government policy on the import and export of PTA and MEG. In any such event, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We rely on a limited number of suppliers for certain raw materials.

We rely on a limited number of suppliers to supply us with raw materials for our productions. We currently do not have long-term supply agreements with these suppliers. For the years ended December 31, 2008, 2009 and 2010, raw material purchases from our five largest suppliers of accounted for 82.6%, 85.6% and 75.6%, respectively, of our total raw material purchases and raw material purchases from our largest supplier accounted for approximately 41.1%, 53.8% and 44.4%, respectively, of our total raw material purchases. We cannot assure you that our major suppliers will not give priority or more favorable terms to other customers or that they will maintain the same quality and quantity of raw material supply to us or that they will continue to supply us with raw materials. If any of the abovementioned events happens, we may need to find alternative suppliers to supply us with the raw materials we need for our business on terms acceptable to us. If we fail to do so in a timely manner, our production may be interrupted and our production costs may increase. In such event, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Our sales are geographically concentrated in Fujian Province and Guangdong Province.

Although we sell our polyester filament yarns to a large group of customers, each of whom contributes to a small portion of our total revenue, substantially all of our sales of our polyester filament yarns are concentrated in Fujian Province and Guangdong Province. Our revenue from Fujian Province and Guangdong Province accounted for 92.0%, 88.6% and 89.2% for the years ended December 31, 2008, 2009 and 2010, respectively. In particular, the revenue generated from Fujian Province remained the dominant source of our revenue during the Track Record Period. Due to such revenue concentration, our business may be affected significantly by natural or social events and circumstances in Fujian Province or Guangdong Province. If negative circumstances arise in Fujian Province or Guangdong Province, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We may be unable to secure enough capital to implement our expansion plans in full and to finance our increased need for working capitals.

We plan to expand our business in order to capture market opportunities. We expect to spend a total of RMB3.8 billion on capital expenditures between 2011 and 2013 to acquire land use rights for our new production site, complete the construction of the new production facilities and the installation of new machineries at our existing and new production sites in the Fenglin Industrial Zone in Longhu County, Jinjiang City, Fujian Province, and complete the construction of our operation center at the coastal headquarters area in East Sea District, Quanzhou City, Fujian Province. Additional capital expenditures may also be required in the future for our increased need for working capital as our operation grows. We may also engage in plans and activities which may require extra funding, such as strategic alliances, acquisitions and mergers. We anticipate that our capital requirements will be financed primarily by the proceeds from the Global Offering as well as cash from operating and financing activities.

However, the proceeds from the Global Offering and cash from our operating and financing activities may not be sufficient to fund all of our future business plans. We expect to use cash generated from our operations and bank borrowings to fill any gap of capital requirement. We also intend to use bank borrowings to finance our working capital requirements. Our ability to obtain external financing in time or on terms acceptable to us depends on various factors, such as our financial condition, operating results, cash flow, share price and other factors, some of which are beyond our control. If we fail to obtain external financing in a timely manner, on terms acceptable to us or at all, we may need to raise funds through the issuance of new equity or debt securities. In the event we issue new equity securities, the percentage shareholding of existing shareholders may be diluted. Issuance of debt securities, on the other hand, may impose debt covenants which may limit our ability to develop our business and obtain other financing. In addition, in either case, we may incur a higher financing cost than our current level. In such event, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We may face increased competition and an increase in the cost of sales as the economy of the PRC strengthens and the global economy recovers.

During the Track Record Period, the PRC government's measures to boost the domestic economy, such as the implementation of the "RMB4 Trillion Package" plan to inject capital into the market, had a positive effect on the PRC economy. We anticipate that our business will continue to benefit from the positive economic development as the PRC's macro-economic condition recovers. However, a strengthened PRC economy may imply an increase in competition in the polyester filament yarn industry. In general, polyester filament yarn manufacturers compete on a variety of factors, such as price, product quality, performance or specifications, continuity of supply, customer service and their variety of product offerings. In addition, the prices of our raw materials, especially PTA and MEG, may increase as the price of crude oil increases with the recovery of the global economy. In such event, if we fail to compete effectively against our competitors, or if we fail to pass on the increased raw material costs to our customers or otherwise deal with the increased prices of our raw materials, our financial condition, results of operations and growth prospects may be materially and adversely affected.

Our research and development of new types of differentiated polyester filament yarns may not be successful and our newly-developed products may fail to achieve our desired results.

The constant development of innovative technology and new polyester filament yarns is crucial to our ability to adjust to changes in market demands and trends in the polyester filament yarn market and to our continued success in the future. As of the Latest Practicable Date, we had independently developed 19 types of differentiated polyester filament yarns.

We rely on our research and development team to develop these new products. For the year ended December 31, 2010, our revenue from patented differentiated polyester filament yarns and those under the patent application process for 65.4% of our total revenue. The enhancement of our competitiveness in the differentiated polyester filament yarn market relies on our continued development of products which may cater to new customer demands and increase both our market share and profit. We cannot assure you that we will be successful in developing products with the desired function or market demand, or that such research and development plans may be completed within our desired time frame and budget. In addition, by the time a new product is developed, the market demand for such new product may already have changed and our new product may not prove to be popular. If we fail to achieve successful results in our research and development efforts, or if the market demand for our new products falls short of our expectation, we may have to stop producing such products. As our differentiated products account for a substantial part of our profit during the Track Record Period, a decrease in our sales of differentiated products may also cause lower profit. In such event, our financial condition, results of operations and growth prospects may be materially and adversely affected.

We may not be able to retain our key management personnel and/or recruit qualified and experienced personnel to join us.

Our management team, especially our executive officers, managers and engineers, is of crucial importance to our continued success and development. Our chairman, Mr. Sze Tin Yau, and our president, Mr. Wu Jinbiao, have 20 and 25 years of experience in polyester filament yarn production and management, respectively. Our senior management team has an average of over 15 years of industry experience and expertise in various areas of the polyester filament yarn industry, including sales and marketing, research and development, production and finance. Members of our management team are responsible for overseeing our overall management and development.

Although we have not encountered any difficulty in retaining our key management and engineers, we cannot assure you that we will not experience such difficulty in the future. We do not maintain insurance with respect to our loss relating to the termination of employment relationship with our key management and engineers. If any of our key management personnel and engineers leaves us, or if we are unable to attract individuals with comparable experience and qualifications to join us in the future when the need arises, our financial condition, results of operations and growth prospects may be materially and adversely affected.

Our intellectual property rights may be infringed by our competitors.

We value intellectual property rights and strive to protect our patents, trademarks, and unregistered intellectual property rights, such as trade secrets, technologies, know-how, processes and other intellectual property rights developed by us. To protect our intellectual property rights, we have registered and applied for the PRC patents, registered trademarks, and entered into confidentiality agreements with our research and development staff and parties we cooperate with in our research and development activities. However, we cannot assure you that our efforts to protect our intellectual property rights are sufficient, that our patent applications will be granted, or that our intellectual property rights will not be misappropriated or otherwise infringed by third parties in the future in any or all jurisdictions in which we do business. In addition, the intellectual property laws in the PRC, where most of our business is carried out, are still developing and may not protect intellectual property rights to the same extent as similar laws of other countries do. Due to our reliance on specialized technologies and knowledge for our production process, if our intellectual property rights are infringed, our sales performance may be undermined, and our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We may be affected by claims by third parties alleging possible infringement of their intellectual property rights.

We may face claims that our products infringe upon the intellectual property rights of third parties, including our competitors and those with whom we have technology cooperation arrangements. If any legal proceeding against us for infringement of intellectual property rights is successful, and if we are unable to obtain a license for the usage of such intellectual property rights on acceptable terms, or at all, or are unable to design alternatives for such intellectual property rights, we may be prohibited from manufacturing or selling products which are dependent on the usage of such intellectual property. In such case, we may experience a material adverse effect on our business, financial condition, results of operations and growth prospects.

We may encounter work-related accidents in our operations.

We had not encountered any serious incident that has caused damages to our properties during our operations. As of the Latest Practicable Date, we were not involved in any claims or procedures brought against us relating to any work-related accident. However, although we have implemented strict safe production measures, such as installing protection devices and implementing safety operation procedures, and have conducted safety education for our employees to prevent accidents from happening, we cannot assure you that we will not encounter any work-related accident or that we will be sufficiently covered by our insurance policies if such accident happens in the future. Resolving work-related injury claims or other types of labor disputes can be time consuming and may cause us to divert our management attention and financial resources regardless of the final results of such claims. In such event, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Our operations are subject to uncertainties and we may not have sufficient insurance coverage for all the risks related to our operations.

Our operations are subject to uncertainties and contingencies beyond our control that could result in material disruptions and adversely affect our results of operations. These uncertainties and contingencies include wars, riots, power outage, public disorder, civil commotions, fires, earthquakes, floods and other natural calamities, epidemics, outbreaks of infectious diseases, terrorism, whether locally or nationwide, or incidents such as industrial accidents, strikes or other labor disputes and disruptions of public infrastructure, such as roads, ports or utilities. Any of such events could materially and adversely affect our business, financial condition, results of operations and growth prospects if our insurance policies do not provide sufficient or any coverage.

We experienced a few minor power stoppages during the Track Record Period, each lasted for a few seconds. As the production of polyester filament yarns require continuous supply of electricity, a stoppage of electricity, although only for a few seconds, may result in increased wasted polyester filament yarns, which are sold at lower sales prices.

As the insurance industry in the PRC is at an early stage of development compared with countries such as the U.S., although we have purchased a business interruption insurance as a result of a power stoppage we experienced in 2007, which lasted for a few seconds, we believe such insurance may not adequately and timely cover all losses relating to a business interruption, which we believe to be customary in the insurance industry in the PRC. Any uninsured loss or damage to our properties, including business disruptions as well as other events on which we do not have insurance coverage, such as product liabilities, third-party liabilities arising from accidents relating to our operations and expenses for potential litigation, may cause us to incur substantial costs and the diversion of resources, which could have a material adverse effect on our financial condition.

In addition, although we have purchased insurance policies to cover loss and damage to our assets, including our operational and storage facilities and personal injuries of our staff, we cannot assure you that, upon the occurrence of events such as an earthquake, fire, severe weather, war, flood, power outage, and the consequences, damages and disruptions resulting from them, we may be covered adequately or at all by our current insurance policies. If we were to incur substantial liabilities that are not covered by our insurance policies or if our business operations were interrupted for a substantial period of time, we could incur costs and losses which in turn could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We have limited experience in operating framework agreements with our customers and we cannot assure you that all of our customers will meet the minimum purchase volume commitments contained in these agreements.

In 2010, we entered into framework agreements with 186 of our large customers, which provide for, among other things, minimum purchase volume commitments by our customers. These framework agreements have a term of one year and are subject to automatic one year extensions if neither party objects. Our sales to such customers accounted for 57.6% of our total revenue for the year ended December 31, 2010. In 2011, all of these customers renewed their framework agreements, and substantially all of these agreements provided for equal or higher minimum purchase volume commitments.

We cannot assure you that these customers will purchase up to the minimum purchase volume in the future. In addition, we have only one year of experience in operating framework agreements with our customers. Although such framework agreements are legally binding, we may not necessarily resort to legal actions if any of our customers fail to purchase such minimum purchase volume as we may put more value on developing long-term relationships with our customers.

In the event any of our customers who entered into framework agreements with us fails to purchase up to the minimum purchase volume as provided for in those agreements and we fail to enforce or are unsuccessful in enforcing such agreements, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Our customers with whom we do not enter into framework agreements only enter into sales orders with us and we are thus subject to uncertainty and potential volatility with respect to our revenue from period to period.

We enter into individual sales orders with all of our customers for sales of our products. For customers with whom we do not enter into framework agreements, we only enter into individual sales orders. Although we have a broad base of customers and we did not experience any abrupt demand shortage during the Track Record Period, if our customers with whom we do not enter into framework agreements decide not to purchase polyester filament yarns from us, change their polyester filament yarn supplier or propose new terms of sales unacceptable to us due to financial difficulties, changes in their business models, changes in the raw materials used in their production or other industrial, political or environmental reasons or otherwise, our sales may decline within a very short period of time if we are unable to find alternative purchasers in a timely manner. In such event, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We rely on external supplies of electricity and water for our production processes.

We depend on electricity and water in our production. The continued and stable supply of electricity and water is therefore crucial to our production activities. Our electricity is supplied by a 110kV power station through a power line directly connected to our production site. We also have a backup power line from another power station which can supply electricity for our production if the main electricity line is cut off. Due to local electricity stoppages and power line accidents, we have experienced a few minor power stoppages during the Track Record Period. We cannot assure you that similar stoppages or interruptions will not occur in the future or that our power line can provide us with electricity in a continued and stable manner or at all. We have constructed a water conservation system in our production site which has a storage capacity of 6,000 tons and may supply water for our production for three days in its full capacity. Although we have not experienced any stoppages or interruption in our water supply during the Track Record Period, we cannot assure you that any such stoppages or interruption will not occur in the future, or that our water conservation system alone can provide us with sufficient water to carry on our operations. If our electricity or water supply is interrupted and if we are unable to restore such supply or find alternative sources in a timely manner or at all, our production may be interrupted and our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Failure to maintain an effective quality control system may result in profit loss.

The performance and quality of our products are critical to the success of our business. These factors depend significantly on the effectiveness of our quality control systems, which in turn, depend on a number of factors, including the design of the systems, the quality training program, and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We believe the recognitions and certifications we have received relating to our environmental and quality management standards have been significant contributor to our overall success. Accordingly, any significant failure or deterioration of our quality control systems could result in us losing such recognitions and certifications, which in turn could have a material adverse effect on our reputation and growth prospects.

An increase in the cost of labor may adversely affect our business, financial condition, results of operations and growth prospects.

We rely on our employees to carry out production and other operating activities. The labor costs in the PRC have been gradually increasing in recent years and may continue to increase in the future. We can not assure you that our labor force will not demand an increase in their salaries. If we encounter such demands from our labor force or if we are unable to employ appropriate means to control our labor costs, or if we are unable to pass on such increase in our labor costs to our customers, our business, financial condition, results of operations and growth prospects may be adversely affected.

We had net current liabilities positions as of December 31, 2008 and 2009 and negative cash flows from operating activities for the years ended December 31, 2008 and 2010.

We had net current liabilities of RMB482.0 million and RMB376.5 million as of December 31, 2008 and 2009, respectively. Our current liabilities exceeded our current assets in these periods primarily because we incurred short-term construction and equipment payables and we used short-term borrowings and cash from operations to finance the expansion of our production capacity, which became our long-term assets, such as our buildings and equipment. In addition, we had negative cash flows from operating activities in the years ended December 31, 2008 and 2010. Our negative operating cash flows for the year ended December 31, 2008 were primarily due to our extension of credit terms to our customers in light of the global financial crisis. Our negative operating cash flows for the year ended December 31, 2010 were primarily due to (i) an increase in trade and other receivables due to the increase in our prepayments to secure raw materials at the prices then offered by our suppliers as our management expected that the raw material prices may increase and due to an increase in bills receivables as a result of an increased payments by our customers by bank bills, and (ii) a decrease in our bills payables which was primarily a result of our usage of bank bills with shorter terms, which were primarily three months, in order to obtain higher discounts for raw materials. There can be no assurance that we will have net current assets or positive cash flows from operations in future periods. For example, we may decide to extend more credit to customers in difficult economic times, we may be unable to improve our collection of trade and other receivables or we may be unable to or decide not to obtain long-term borrowings, as opposed to short-term borrowings, from banks and other financial institutions to finance our business, operations and capital expenditures.

We may not be able to maintain the increasing trend of our gross profit margins or to maintain our profit margins at the levels we recorded during the Track Record Period.

For each of the three years ended December 31, 2008, 2009 and 2010, our gross profit margin was 5.9%, 8.4% and 14.6%, respectively. The gross profit margin increased from 5.9% for the year ended December 31, 2008 to 8.4% for the year ended December 31, 2009 because the market demand and the average sales price for polyester filament yarns recovered in the PRC domestic market in 2009 after the global financial crisis. Our gross profit margin also increased from 8.4% for the year ended December 31, 2009 to 14.6% for the year ended December 31, 2010 as a result of a higher increase in average sales prices of our products than that in raw material prices. However, we cannot assure you that we will be able to maintain the increasing trend of our gross profit margin, to maintain the growth of our gross profit margin or to maintain profitable, as the average sales price of our products and our raw material prices may be affected by a variety of factors, including changes in the general market supply and demand of polyester filament yarns and PTA and MEG, the change in the supply and demand of cotton yarns and other materials, the change in taxation and export policies, and various other factors that are beyond our control. Our business, financial condition, results of operations and growth prospects may be materially and adversely affected by any decrease in gross profit margin in the future.

RISKS RELATING TO THE POLYESTER FILAMENT YARN INDUSTRY

Any over-supply in the domestic and international polyester filament yarn markets could negatively affect our business.

In light of anticipated demand growth in the domestic and international polyester filament yarn markets, it is possible that our competitors and other industry participants may increase their production capacities for polyester filament yarns. A significant number of new production lines and facilities in the PRC or other locations will increase the polyester filament yarn supply and result in over-supply of polyester filament yarns in the domestic and international markets. If the increase in supply outpaces the increase in future market demand for polyester filament yarns or if demand decreases, the resulting over-supply could adversely impact our sales and cause us to reduce our sales prices or production, which would in turn lower our profitability, and our business, financial condition and results of operations could be materially and adversely affected.

The polyester filament yarn industry can be affected by the market demand for products manufactured in downstream industries and macroeconomic conditions.

Our major customers are primarily fabric and textile manufacturers and the performance of the polyester filament yarn industry is affected by the performance of the fabric and textile industry and its downstream industries. If the fabric and textile industry experiences a decrease in the market demand for its products or otherwise faces difficulties which lead to lower demand for polyester filament yarns, the sales and prices of our products may be negatively impacted. In addition, the polyester filament yarn industry, like other industries, may be affected by macroeconomic conditions, and may experience a slowdown in growth during economic downturns. In such event, our financial condition, results of operations and growth prospects may be materially and adversely affected.

Competition in the polyester filament yarn market in the PRC may continue to be intense and we may fail to compete successfully against our competitors.

Our industry is highly competitive. In particular, competition among polyester filament yarn manufacturers in the PRC is intense. Our competitors include domestic and international manufacturers of differentiated polyester filament yarns and numerous smaller companies which produce more common types of polyester filament yarns. We expect that competition in the polyester filament yarn market will continue to be intense and some of these competitors may be able to adapt to changes in the industry more quickly than we can by adopting more aggressive pricing policies or other measures. Increased competition could result in material price reductions in the products we sell or a decrease in our market share. If we are unable to remain competitive, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Our polyester filament yarns may be rendered less competitive or obsolete by other yarn products.

Polyester filament yarns are synthetic yarns made from chemical compounds which are primarily derived from crude oil. They are used primarily in the production of fabrics and textiles which are then sold to manufacturers of textile consumer goods. With their improved wrinkle resistance, durability and high color retention, they have been used in many areas which were traditionally dominated by natural yarns in the past decades. They compete with natural yarns, such as those made from cotton, wool and silk. However, changes in consumer preferences or a rise in the prices and/or a decline in the availability of crude oil, a key material used to manufacture polyester filament yarns, could have a negative impact on the demand for our polyester filament yarns. In addition, if the prices for natural yarns decline or if there are significant technological advances in the weaving and spinning of natural yarns, our polyester filament yarns could be rendered less competitive or even obsolete. In the event that our polyester filament yarns are rendered less competitive or obsolete by other yarns, our financial condition, results of operations and growth prospects may be materially and adversely affected.

Anti-dumping investigations and trade protection measures conducted by other countries on polyester filament yarns may have an adverse effect on our operations.

In the past several years, the U.S. and E.U. have launched a number of anti-dumping trade protection measures and investigations against products produced in the PRC. These measures include an anti-dumping duty imposed by the U.S. on polyester staple fiber made in the PRC and an anti-dumping investigation by the U.S. of PET film, sheet and strip imports from the PRC, as well as an anti-dumping duty imposed by the E.U. on PET chips produced in the PRC and on high tenacity polyester filament yarns produced in the PRC. Although none of the above measures or investigations targeted the type of polyester filament yarns that we produce and we have not been subject to any anti-dumping trade protection measures or investigations in any country in the past, we cannot assure you that our products may not become the subject of such measures or investigations in the future. In the event our products become subject to anti-dumping trade protection measures, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Certain information and statistical data used in this prospectus have been derived from research reports and supplied by other parties and should not be unduly relied upon.

Certain information and statistical data included in this prospectus, including statements about our industry, have been provided by official information issued by other parties and by independent third-parties, such as CMAI. We have taken reasonable care in extracting and reproducing such information to ensure that it is not misleading or deceptive. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information may not be consistent with the information prepared by other parties or institutions. Such information and statistical data used in this prospectus have not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, their respective directors and advisors or any other parties involved in the Global Offering and no representation is given as to their accuracy. Accordingly, this information and statistical data should not be unduly relied upon.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Fluctuations in consumer spending in the PRC may significantly affect our business and financial performance.

We believe the majority of our polyester filament yarns are used to produce fabrics and textiles which are then sold to manufacturers to produce consumer goods to be sold to consumers in the PRC. Our sales and growth are indirectly dependent on consumer spending and the continued improvement of macroeconomic conditions in the PRC, where a substantial portion of our revenues have been generated in the past and are expected to be generated in the future. There are many factors affecting the level of consumer spending, including but not limited to, interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment levels and general consumer confidence. In addition, we believe that our historical growth rates were largely dependent on the general growth of the PRC economy. We can provide no assurance that the PRC economy will continue to grow at historical rates, or at all, and any slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect our business, financial condition, results of operations and growth prospects.

Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and growth prospects.

The economic, political and social conditions in the PRC differ from those in more developed countries in many respects, including structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. For the past three decades, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy. Although we believe these economic reforms and measures will have a positive effect on the PRC's overall and long-term development, we cannot predict whether the resulting changes will have any adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. The China Banking Regulatory Commission began implementing restrictions on bank lending in early 2010. Stricter lending policies in the PRC may affect our ability to obtain external financing, which may reduce our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten lending standards, or that, if any such measure is implemented, it will not adversely affect our future results of operations or profitability.

Demand for our polyester filament yarns and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- reduction in tariff protection and other import and export restrictions.

These factors are affected by a number of variables which are beyond our control.

Foreign exchange transactions and the convertibility of Renminbi into foreign currencies are subject to certain limitations.

The use and exchange of foreign currencies are heavily regulated in the PRC and the Renminbi is not permitted to be wired directly to offshore accounts. As a foreign invested enterprise, our PRC subsidiary is subject to the regulatory restrictions imposed by SAFE. In general, foreign invested enterprises are allowed to open two types of foreign currency accounts, namely, "current account" and "capital account". Conversion between the Renminbi and the foreign currencies in the "current account" can be effected without requiring the approval by SAFE while such conversion in the "capital account" requires approval. A payment to its foreign shareholders by a PRC foreign invested enterprise is considered a transaction under "capital account" and therefore subject to approval by SAFE. In addition to the requirements imposed by the PRC laws and regulations, SAFE also has discretionary authority to decide if an approval shall be granted. We can not guarantee that our PRC subsidiary may always be able to obtain such approval from SAFE for a distribution of dividends to our Company. As substantially all our operations are based in the PRC, we rely on dividends from our PRC subsidiary for cash resources to distribute dividends to our shareholders. If SAFE rejects our request to exchange the Renminbi to foreign currencies and remit such amount to our offshore account, we may not be able to distribute dividends to our shareholders and your investment value in us may be materially affected.

The regulations on the management of foreign exchange may also affect our ability to utilize our proceeds from our Global Offering. Further, we cannot assure you that the PRC authorities will not impose further restrictions on methods by which the Renminbi can be converted into foreign currencies. As our revenue is partially derived from the overseas market, any future limitations on the convertibility of the Renminbi may limit our ability to utilize our revenue. If such measures are imposed in the future, our financial condition, results of operations and growth prospects may be materially and adversely affected.

The value of Renminbi and foreign currencies we trade in may fluctuate and may affect our results of operations.

The value of the Renminbi has been under pressure of appreciation in recent years. There have been international pressures on the PRC to allow more flexible exchange rates for the Renminbi, hence allowing the Renminbi to appreciate. In June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in the PRC and abroad, and the balance of payments situation in the PRC, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. In addition, the exchange rate for the foreign currencies that our operations are exposed to, including but not limited to U.S. dollars and Euros, may also fluctuate against Renminbi.

Any appreciation or depreciation in the value of the Renminbi or other foreign currencies that our operations are exposed to will affect our business in different ways. For example, although the appreciation of the Renminbi or the depreciation of foreign currencies may give us access to less expensive raw materials, it may adversely affect the price competitiveness and profitability of the export-oriented apparel products manufactured by the PRC garment manufacturers in the PRC, as a result of which our sales may be affected. We may also face more intense competition from imported polyester filament yarn at a cheaper price due to the appreciation of the Renminbi or depreciation of foreign currencies. In addition, changes in foreign exchange rates may have an impact on the book value of certain of our foreign currency denominated assets and liabilities. In such events, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

The PRC economy may experience inflationary pressure and the potential inflation may affect our business.

The global economy is in the course of recovery and there exists inflationary pressure on various economies in the world. It has been expected that the PRC may experience inflation in the coming years, which may result in general increases in prices of goods. Along with the increase in prices of goods, the prices of our polyester filament yarns as well as our raw materials are expected to rise as well. Inflation in the PRC may also lead to an increase in interest rates and a slowdown in economic growth in the PRC, which may negatively impact our business. The overall impact of inflationary pressure may adversely affect our business, financial condition, results of operations and growth prospects.

We may be deemed as a PRC resident enterprise under the EIT Law and be subject to the PRC taxation on our worldwide income.

Under the *Enterprise Income Tax Law of the PRC** (中華人民共和國企業所得稅法) (the "EIT Law"), which took effect on January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation rules of the EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation (國家稅務總局) (the "SAT") promulgated a circular to clarify the criteria to determine whether the "de facto management bodies" are located within the PRC for enterprises incorporated overseas with controlling shareholders being PRC enterprises.

The EIT Law and its implementation rules have certain ambiguities with respect to the interpretation of the provisions relating to resident enterprise issues. As most of our management is currently based in China and may remain in China in the future, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. If we are deemed as a PRC resident enterprise, we will be subject to PRC enterprise income tax at the rate of 25% on our worldwide income. In that case, however, dividend income we receive from our PRC subsidiaries may be exempt from PRC enterprise income tax because the EIT Law and its implementation rules generally provide that dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise is exempt from enterprise income tax. However, as there is still uncertainty as to how the EIT Law and its implementation rules will be interpreted and implemented, we cannot assure you that we are eligible for such PRC enterprise income tax exemptions or reductions.

Additionally, even if we or our overseas subsidiaries are considered as non-resident enterprises under the EIT Law, if our Hong Kong subsidiary, Billion Development, directly transfers the equity interest in our PRC subsidiary, Billion Fujian, we would be subject to the PRC enterprise income tax at the rate of 10% for the gains received in such transfer, and, under *the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprise** (關於加強非居民企業股權轉讓所得稅管理的通知) (Circular Guoshuihan [2009] No. 698) ("Circular 698")) issued by the SAT on December 10, 2009, if we or any of our overseas subsidiaries indirectly transfer the equity interests in our PRC subsidiaries at the overseas holding companies level, we may be subject to examinations by our PRC subsidiaries' tax authorities and may be subject to the PRC enterprise income tax rate of 10%. See "— Gains on the sales of our Shares by foreign investors and dividends on our Shares payable to foreign investors may become subject to PRC income taxes" below.

We will be required to record a deferred PRC withholding tax liability if we intend to distribute dividends from our PRC subsidiary to our offshore holding company, which will adversely impact of our financial results.

Billion Fujian was our sole operating subsidiary in the PRC during the Track Record Period. Our financial information has been prepared and presented as a continuation of financial statements of Billion Fujian with assets and liabilities of Billion Fujian recognized and measured at their historical carrying amount. As a result, the financial results of Billion H.K., the shareholder and the immediate holding company of Billion Fujian during the Track Record Period up until immediately prior to the completion of the Corporate Reorganization on February 17, 2011, had not been and will not be included in our financial information. Therefore, the withholding tax liability that we withheld for the dividends we paid to Billion H.K. under the PRC tax laws and regulations for the period from January 1, 2008 to the completion of the Corporate Reorganization was excluded from our financial information.

Upon the completion of the Corporate Reorganization on February 17, 2011, Billion Fujian became a wholly-owned subsidiary of Billion Development, our Hong Kong subsidiary. As a result, Billion Development may be subject to PRC withholding tax liability for dividends we pay from Billion Fujian to Billion Development, unless Billion Development is otherwise exempted from PRC withholding tax under the PRC tax laws and regulations for such dividends paid. No deferred PRC withholding tax liability associated with unremitted earnings of Billion Fujian has been recorded by us in our accounts for the Track Record Period because our Directors currently do not intend for Billion Fujian to distribute any of the remaining undistributed earnings of Billion Fujian to Billion Development in the foreseeable future. However, if our Directors decide to distribute dividends from Billion Fujian to Billion Development in the future such as by forming a dividend policy that specifies the percentage of our dividend over our after-tax earnings, we will be required to record a deferred PRC withholding tax liability in our accounts up to 10% (or other applicable percentages as we may be entitled to under the EIT Laws or other applicable rules from time to time) of gross dividend amounts or the prescribed percentage of after-tax earnings. Upon such event, our financial results will be negatively impacted. As of December 31, 2010, the undistributed earnings of Billion Fujian amounted to RMB484.9 million, of which RMB324.6 million was declared and paid to Billion H.K. as dividend subsequent to the Track Record Period but before the completion of Corporate Reorganization.

New labor laws in the PRC may materially and adversely affect our results of operations.

The Standing Committee of the National People's Congress adopted the PRC Labor Contract Law on June 29, 2007 which became effective on January 1, 2008 and the State Council passed the Implementation Rules of the PRC Labor Contract Law on September 18, 2008. The PRC Labor Contract Law and its implementation rules impose requirements relating to, among others, minimum wage, severance payment and non-fixed term employment contracts, and establishes time limits for probation periods as well as the duration and the number of times that an employee can be placed on a fixed term employment contract. It also provides for mandatory social insurance for the employees, failure of which may result in a unilaterally termination of the labor contract by the employee.

Pursuant to the PRC Labor Contract Law and its implementation rules, our PRC subsidiaries are required to enter into non-fixed term employment contracts with employees who have worked for them for more than ten consecutive years or, unless otherwise provided in the PRC Labor Contract Law and its implementation rules, for whom a fixed term employment contract has been concluded for two consecutive terms since January 1, 2008. We may not be able to efficiently terminate non-fixed term employment contracts under this new law and its implementation rules without cause. In addition, we are also required to make severance payments to employees under the fixed term contracts upon the expiration of their employment contracts, unless the employee voluntarily terminates the contract or voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. Generally, the amount of severance payment is calculated based on the monthly wage of the employee multiplied by the number of years that the employee was employed by the employer, unless the employee's monthly wage is greater than three times the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. Thus, compliance with the relevant labor laws and regulations may substantially increase our operating costs and may have a material and adverse effect on our results of operations. In particular, an increase in the labor costs in the PRC will increase our operating costs and we may not be able to pass these increases on to our customers due to competitive pricing pressures. We cannot assure you that any employment disputes or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Gains on the sales of our Shares by foreign investors and dividends on our Shares payable to foreign investors may become subject to the PRC income taxes.

Under the EIT Law and its implementation rules, any gain realized by "non-resident enterprises" is subject to PRC income tax at the rate of up to 10% to the extent such gain is sourced within the PRC and (i) such "non-resident enterprise" has no establishment or premise in the PRC, or (ii) it has an establishment or premise in the PRC, but its income sourced within the PRC has no real connection with such establishment or premise, unless otherwise exempted or reduced by tax treaties. The EIT Law and its implementation have certain ambiguities with respect to the interpretation of the provisions relating to identification of PRC-sourced income. If we are recognized as a PRC resident enterprise under the EIT Law by the PRC tax authorities, our foreign Shareholders that are "non-resident enterprises" may become subject to the PRC income tax at the rate of up to 10% under the EIT Law as to the capital gains realized from sales of our Shares by and dividends distributed to such foreign Shareholders as such income may be regarded as income from "sources within the PRC," unless any such foreign Shareholder is qualified for a preferential income tax rate or tax exemption under a tax treaty or tax law, and we may be required to withhold such income tax on the dividends payable by us to such foreign Shareholders.

If the PRC tax authorities recognize us as a PRC resident enterprise under the EIT Law, Shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties will need to apply to the PRC tax authorities for recognition of eligibility for such benefits in accordance with *the Measures on Tax Conventions Treatments for Non-Residents (for Trial Implementation)** (非居民享受稅收協定待遇管理辦法（試行）), issued by the SAT on August 24, 2009. It is likely that eligibility will be based on a substantive analysis of the Shareholder's tax residency and economic substance. With respect to dividends, the beneficial ownership tests under *the Notice on Interpretation and Recognition of "Beneficial Owner" under Tax Conventions** (關於如何理解和認定稅收協定中"受益所有人"的通知) will also apply. If determined to be ineligible for treaty benefits, such a Shareholder would become subject to the PRC tax rates higher than the preferential tax rates under the relevant tax treaties on capital gains realized from sales of our Shares and on dividends on our Shares. In such circumstances, the value of such foreign Shareholders' investment in our Offer Shares may be materially and adversely affected.

Similarly, Circular 698 provides that except for the purchase and sale of equity through a public securities market, where a foreign corporate investor indirectly transfers the equity of a PRC resident enterprise by disposing the equity of an overseas holding company ("Indirect Transfer") located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5%, or (ii) does not tax its residents on their foreign income, the foreign corporate investor shall report the Indirect Transfer to the competent PRC tax authority within 30 days from the date when the equity transfer agreement was made. In this case, the PRC tax authority will examine the true nature of the Indirect Transfer. Should it deem the foreign investor to have made the Indirect Transfer without reasonable commercial purpose and in order to avoid the PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purpose and re-characterize the Indirect Transfer. As a result, gains derived from such Indirect Transfer by the foreign investor may be subject to the PRC enterprise income tax.

Negative publicity on the PRC products may materially and adversely affect our business and reputation.

Substantially all of our business operations are located and carried out in the PRC. There have been incidents in the past which involved serious allegations of China-made products containing harmful types or levels of chemicals. If such incidents occur again in the future, their associated negative publicity may have an adverse impact on the general manufacturing sector in the PRC and may indirectly create an adverse impact on our business, especially our sales to overseas customers, which may, in turn, create a negative impact on our profit and revenue. In such event, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

The PRC environmental laws and regulations may change and our environmental compliance liabilities and costs may increase.

In recent years, the PRC has introduced and imposed stricter measures on the industrial sector in relation to environmental protection, such as low-carbon requirements. PRC laws and regulations relating to environmental protection at both national and local levels currently impose fines for over-discharge of pollutants, levy fines for causing pollution, and require closure of any facility which causes serious environmental problems. Under such laws and regulations, we are also required to conduct tests prescribed from time to time by the relevant PRC authorities for waste discharge and waste disposal. Non-compliance with such PRC laws and regulations relating to environmental protection may, depending on the seriousness of the circumstances, result in an order for rectification from the authorities, penalties or an order to suspend production.

Our operations generate waste water, solid waste, gas pollution and noise pollution. To comply with the relevant laws and regulations, we have implemented effective environmental standards for our production processes and have set out detailed environmental procedures. We have installed environmental protection devices and equipment that reduce noise pollution, treat and recycle waste water and reduce gas pollution. The waste water, solid waste, gas pollution and noise pollution we generate during our production process, after internal processing, are all within the permitted levels. We have also set up an environment monitoring system for the generation and emission of waste water, solid waste, gas pollution and noise pollution and other pollutants to ensure full compliance with state and local regulations.

During the Track Record Period, we complied with all relevant environmental protection laws and regulations of the PRC in all material aspects and had not received any notice or warning of non-compliance with the PRC laws and regulations relating to environmental protection. However, with the increasing concern over the deteriorating environment in the PRC, we cannot assure that new laws or regulations will not be introduced in the future or that current laws will not be amended with higher requirements and emission standards applicable to manufacturing enterprises. In such event, in order to comply with the new laws or regulations, we may incur additional costs to update our environmental protection devices and take more measures and assign more personnel to make sure our compliance with such laws and regulations. As a result, our financial condition, results of operations and future prospects may be materially and adversely affected.

Any outbreak of severe communicable diseases in the PRC may cause suspension of our operations and affect the economic condition of the PRC which may, in turn, affect our operations.

All of our production facilities and operations are located and carried out in the PRC. If any outbreak of severe communicable disease occurs in the PRC and is inadequately controlled, there may be a negative impact on domestic consumption, labor supply and potentially the overall GDP growth of the PRC, which, in turn, may hinder market activities and slow down the general economic growth of the PRC. As our business is sensitive to domestic consumer demand for our products and relies on domestic labor, any inadequately controlled outbreak of severe communicable disease in the PRC could materially and adversely affect our business, financial condition, results of operations and growth prospects.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active trading market for our Shares may not develop.

Prior to the Global Offering, there has not been a public market for our Shares. While we have applied to list and deal in the Shares on the Stock Exchange, we cannot assure you that an active or liquid public market for our Shares will develop or be sustained if developed. The Offer Price of the Shares will be determined through negotiations between us and the Joint Global Coordinators (on behalf of themselves and the other underwriters of the Global Offering), and it may not necessarily be indicative of the market price of the Shares after the Global Offering is complete. An investor who purchases Shares in the Global Offering may not be able to resell such Shares at or above the Offer Price and, as a result, may lose all or part of the investment in such Shares. In addition, as there will be a four Business Day gap between the pricing and trading of the Shares offered in the Global Offering, the initial trading price of our Shares could be lower than the Offer Price due to a variety of reasons including material negative events affecting us.

The liquidity, trading volume and trading price of our Shares may be volatile, which could result in substantial losses for Shareholders.

The price at which the Shares will trade after the Global Offering will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours; and
- general market sentiment regarding polyester filament yarn companies.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

Prior dividend distributions are not an indication of our future dividend policy and we do not expect our PRC subsidiary to distribute dividends in the foreseeable future.

Billion Fujian, our sole operating subsidiary in the PRC, declared dividends of RMB66.4 million for the distributable profits generated for the years between 2005 and 2007, which were paid to Billion H.K. on April 21, 2010. Billion Fujian also declared dividends of RMB33.7 million, RMB79.9 million and RMB324.6 million to us for the distributable profits generated for the years ended December 31, 2008, 2009 and 2010, respectively. These dividends were paid to Billion H.K. in May 2010, June 2010 and January 2011, respectively.

Historical dividend distributions are not indicative of our future distribution policy and we can give no assurance that dividends of similar amounts or at similar rates will be paid in the future. The timing, amount and currency of any future dividend declaration and distribution by us will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our constitutional documents and the Companies Law, including (where required) the approval of shareholders. Our Directors currently do not intend for Billion Fujian, our sole PRC subsidiary, to distribute any of its remaining undistributed earnings to Billion Development, our Hong Kong subsidiary and holding entity of Billion Fujian, in the foreseeable future. In the event our Directors determine to declare and pay dividends by our Company to our Shareholders, our Directors may, at their sole discretion, determine the manner, currency and sources of our dividend, as they deem appropriate, and we may use cash from operating, investing or financing activities of our Company, if any, to finance the payment of dividends to our Shareholders. In addition, in the event we determine to use dividends received from our subsidiary in the PRC to fund the payment of dividends to our Shareholders, our Shareholders may be subject to restrictions described in " — Risks Relating to Conducting Business in the PRC — Gains on the sales of our Shares by foreign investors and dividends on our Shares payable to foreign investors may become subject to PRC income taxes" above and we may be required to record a deferred PRC withholding tax liability as described in "— Risk Relating to Conducting Business in the PRC — We will be required to record a deferred PRC withholding tax liability if we intend to distribute dividend from our PRC subsidiary to our offshore holding company, which will adversely impact of our financial results" above. For further details of our dividend policy, please see "Financial Information — Dividend Policy" in this prospectus.

The interests of our Controlling Shareholders may not always coincide with our interests and the interests of our other Shareholders, and the Controlling Shareholders may exert significant control or substantial influence over us and may take actions that are not in, or may conflict with, our best interests and public Shareholders' best interests.

The Controlling Shareholders will control the exercise of voting rights of 75% of the Shares eligible to vote in our general meeting immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Therefore, the Controlling Shareholders will continue to be able to exercise controlling influence over our business through their ability to control actions which do not require the approval of independent shareholders. Subject to our Memorandum and Articles as well as the Companies Law, the Controlling Shareholders will also be able to control the election of our Directors, alter our share capital, make amendments to our Memorandum and Articles, determine the timing and amount of our dividends, if any, and pass resolutions to acquire or merge with another company not connected with the Controlling Shareholders. The Controlling Shareholders may cause us to take actions that are not in, or may conflict with, the interests of us or the public Shareholders. In the case where the interests of the Controlling Shareholders conflict with those of our other Shareholders, or if the Controlling Shareholders choose to cause us to pursue objectives that would conflict with the interests of our other Shareholders, such other Shareholders could be left in a disadvantageous position by such actions caused by the Controlling Shareholders and the price of the Shares could be adversely affected.

The sales or the availability for sales of substantial amounts of our Shares in the future could materially and adversely affect the market price of our Shares.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. There will be 2,299,000,000 Shares outstanding immediately after the Global Offering, assuming the Over-allotment Option is not exercised. Although our Controlling Shareholders, subject to certain exceptions, have agreed with the Underwriters to a lock-up until six months after the date of this prospectus as described under the section headed "Underwriting" in this prospectus, the Underwriters may release these securities from these restrictions at any time and such Shares will be freely tradable after the expiry of the lock-up period.

Shareholders' interests may be diluted as a result of additional equity fund-raising.

We may need to raise additional funds in the future to finance further expansion of our capacity and business. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

The costs of options to be granted under the Share Option Scheme may negatively affect our results of operations and any exercise of the options granted will result in dilution to our Shareholders.

We have adopted the Share Option Scheme pursuant to which we will in the future grant to our employees options to subscribe to Shares. Such options if exercised in full will represent 10% of our issued share capital immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The fair value of the options at the date of which they are granted with reference to the valuer's valuation will be charged as share-based compensation which may have a negative affect on our results of operations. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance, and thus will result in the dilution to the percentage of ownership of the Shareholders, the earnings per Share and the net asset value per Share.

Details of the Share Option Scheme and the options to be granted thereunder are set out in the paragraph headed "G. Share Option Scheme" in Appendix VI of this prospectus.

You may face difficulties in protecting your interests under Cayman Islands law.

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take action against the Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be limited compared to the laws of other jurisdictions.

You should not rely on any information contained in press coverage or other media in relation to the Global Offering, our business operations or our Group in connection with a decision to invest in the Shares.

Prior to the publication of this prospectus, there was press and media coverage regarding us and the Global Offering, including, but not limited to, news articles published in Hong Kong Commercial Daily, Hong Kong Economic Journal, Hong Kong Economic Times, Sing Tao Daily and Wenweipo newspaper on April 29, 2011. We have not authorized the publication of these news articles. In addition, there may be similar publications subsequent to the date of this prospectus but prior to the completion of the Global Offering. However, you should rely solely upon the information contained in this prospectus, the Application Forms and any formal announcements made by us in Hong Kong in making your investment decision regarding the Global Offering. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Global Offering, or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Accordingly, prospective investors in the Global Offering should not rely on any such information, reports or publications in making their decisions whether to invest in the Shares.