Prospective investors should carefully consider all the information set out in this prospectus and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

RISKS RELATING TO OUR BUSINESS

Our Group's results of operations may vary significantly from period to period

For each of the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, our turnover was approximately HK$175.4 million, HK$231.1 million, HK$202.7 million and HK$149.4 million respectively. During the Track Record Period, the profit attributable to owners of our Company amounted to approximately HK$9.7 million, HK$32.0 million, HK$22.0 million and HK$9.9 million respectively. Our turnover and profit attributable to owners of our Company decreased by approximately 12.3% and 31.1% respectively from the year ended 31 March 2010 to the year ended 31 March 2011. Our Directors consider that the decrease in our turnover for the year ended 31 March 2011 was attributable to, among other things, the suspension of PA production for approximately 52 days during the year ended 31 March 2011 as a result of the replacement of catalysts used in PA production and the absence of the gain on disposal of subsidiaries and an associate of approximately HK$5.4 million recognised in the year ended 31 March 2010, where such adverse effect was partly offset by the rise of average selling price of our Group's products. However, our Group's results of operations may fluctuate in the future due to a combination of factors, including but not limited to our production capacity, actual production hour, the general market and economic conditions in the places where our Group conducts our business. As a result, we cannot assure you that our Group's results will grow in the future.

There is no assurance that we will be able to improve or maintain our turnover and results of operations in the future. If we suffer a decrease in our turnover and net profit margin in the future, our operating cash flow may be subject to constraint and it could have a material adverse effect on our business, financial condition, results of operations and prospects. For further details of our turnover and net profit margin, please refer to the section headed "Financial information" in this prospectus.

We are highly dependent on a limited number of our key customers for a significant portion of our turnover, and we anticipate such dependence to continue in the near future

We are principally engaged in the manufacture and sale of PA and fumaric acid. Our products are sold to our customers in nearby locations, namely Fujian Province, Guangdong Province and Shanghai of the PRC. For each of the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, our combined sales to our five largest customers were approximately HK$147.5 million, HK$207.9 million, HK$180.5 million and HK$114.0 million, accounting for approximately 84.2%, 89.9%, 88.9% and 76.3%, respectively, of our total turnover in the respective year/period. Our turnover from the largest customer accounted for approximately 39.8%, 42.4%, 40.5% and 31.4% of our total turnover for the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, respectively. Our five largest customers during the Track Record Period were PRC companies which were principally engaged in the trading and manufacture of chemicals. The total number of customers of our Group was 47, 47, 42 and 45 during the years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011 respectively. The number of customers of our Group represents those customers who made purchases from our Group during each of the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011. During the Track Record Period, we have not entered into any long-term contract with or obtained guarantees of demand from our key customers.

We anticipate that we will continue to derive a significant portion of our revenue from our key customers in the near future. We could have difficulties in securing comparable level of business from other customers to offset any loss of turnover resulting from losing any of these customers or significant reduction in the demand of our Group's products by any of these customers or any significant deterioration in pricing terms with these customers could have a material adverse effect on our operating results and profitability. If any of our key customers suspends purchases or delays payments, our cash flow and profitability could also be adversely impacted.

Our Group may be unable to implement strategies for our future growth

The success of our Group in the future will depend on, among other things, our ability to implement our business strategies for future growth, details of which are disclosed under the paragraph headed "Our business strategies" in the section headed "Business" in this prospectus. The successful implementation of our business strategies may be affected by a number of factors including the permit to be applied for the expansion of the production capacity of our Group, fluctuations in demand for our products in the domestic market, changes in customer preference and quality standard, the availability of resources suitable for our Group's future product diversification into different industries, increasing competition, our Group's ability to obtain any necessary approvals to enter into any market in the future and changes in government policies. The permits to be applied for the expansion of the production capacity of our Group include 建設項目環境影響評價文件許可 (Approval for the environmental impact assessment documents of construction projects*), 外商投資項目的核准 (Approval on foreign investment project*), 危險化學品建設項目安全許可 (Safety permit of construction project relating to dangerous chemicals*), 建設項目竣工環保驗收 (Approval of environmental protection of completed construction project*), revised 安全生產許可證 (Work Safety License*) and revised 危險化學品生產單位登記證 (Dangerous Chemical Manufacturer Registration*). The aggregate application processes are estimated to be around one to two months. As advised by our PRC Legal Adviser, there are no legal impediments to obtain the aforesaid permits by our Group in a timely manner.

Approximately 85% of the net proceeds from the Share Offer will be utilised for the expansion of the existing production capacity and purchase of machinery and equipment. It is expected that our Group will incur significant capital expenditures in connection with our future expansion and any failure to successfully implement our expansion plans may materially and adversely affect our future growth and profitability. One additional production line will be set up in respect of production of PA and fumaric acid in order to enhance the annual production capacity by 20,000 tonnes to 50,000 tonnes for PA and by 1,000 tonnes to 5,000 tonnes for fumaric acid upon completion of the construction plan. In addition, our Directors expect that our production facilities will be required to suspend for about two months for completion of the above construction plan. Accordingly, no revenue will be generated by our Group during the suspension of the production facilities of PA and fumaric acid and our financial results will be adversely affected in short term in this regard. Based on the estimated time required for the suspension of production facilities and trial production, the available production capacity is estimated to decrease by approximately 19% for the year ending 31 March 2014 as compared with the original production capacity before the expansion of production capacity.

To the best knowledge and estimate of our Directors, assuming that (i) the average selling price of PA and fumaric acid are the same as that for the year ended 31 March 2011; (ii) annual production capacity of PA and fumaric acid remain at 30,000 tonnes and 4,000 tonnes respectively; (iii) annual production utilisation rates of PA and fumaric acid are 79.2% and 98.7% respectively, which are the same as the annual production utilisation rates of PA and fumaric acid for the year ended 31 March 2011; (iv) products produced by our Group will be sold in the same year; and (v) without taking into account of the possible increase in turnover of our Group as a result of the expansion of production capacity, our turnover for the year in which the suspension of production facilities for the expansion of production capacity will be taken place is estimated to decrease by approximately HK$47.1 million. For details of the business strategy to expand the production capacity of our Group, please refer to the paragraph headed "Our strategies and business objectives" in the section headed "Business" in this prospectus.

Our Group's production capacity and results of operations may be affected during periodic production suspension arising from replacement of catalysts, technical upgrade and the volatile economy

The production of PA requires the use of catalysts which our Directors consider as normal in the industry to improve the production yield. The life cycle of catalysts usually lasts for three years and after such period, our Group, like any other PA manufacturers in the PRC, has to replace the said materials in order to facilitate the chemical reaction of PA production. This catalysts replacement process may take one to two months. During the replacement process, the relevant production line of PA under the replacement process has to be suspended. The time required for our Group's production facilities to restore the optimal production efficiency subsequent to a replacement of catalysts was approximately four to six months. The suspension, amongst other reasons, resulted in the decrease of production of PA from approximately 25,900 tonnes for the year ended 31 March 2010 to approximately 19,800 tonnes for the year ended 31 March 2011. The latest replacement of catalysts was completed in February 2011 and our Group incurred total costs for catalyst replacement process of approximately HK$2.2 million. Our Group accounted for the cost of replacing catalysts as prepayment at the time of purchases and as a cost incurred during our production process and recognised as cost of sales of our Group throughout its estimated useful life which is currently three years. As at 31 March 2009, 2010, 2011 and 31 October 2011, the carrying amounts of catalysts were approximately HK$1,388,000, HK$557,000, HK$2,032,000 and HK$1,423,000 respectively. For the years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, the cost of catalysts recognised as cost of sales of our Group were approximately HK$872,000, HK$834,000, HK$746,000 and HK$658,000 respectively. The forthcoming replacement of catalysts is expected to take place in the first quarter of 2014. As our Group does not have any legal or constructive obligation as a result of a past event for replacing the catalysts, no provision would be recognised in advance for the cost of replacing the catalysts.

To the best knowledge and estimate of our Directors, assuming that the (i) average selling price of PA remains the same as that for the year ended 31 March 2011, (ii) the quantity of PA produced would be decreased by approximately 22% during the period for which the PA production facilities were operated in sub-optimal efficiency subsequent to the replacement of catalysts in February 2011, and (iii) products produced by our Group will be sold in the same year, our turnover for the year ending 31 March 2012 is estimated to decrease by approximately HK$21.2 million due to time required for the PA production facilities to restore the optimal production efficiency subsequent to a replacement of catalysts in February 2011.

Based on the historical experience of our Group in replacement of catalysts, during the year in which replacement of catalysts takes place, the available production capacity of PA is estimated to decrease by approximately 18% as compared with the original production capacity of PA due to the temporarily suspension of the production facilities of PA and the time required for restoring the production capacity of PA to optimal level. To the best knowledge and estimate of our Directors, assuming that the (i) average selling price of PA remains the same as that for the year ended 31 March 2011, (ii) annual production capacity of PA remains at 30,000 tonnes, (iii) annual production utilisation rate of PA is 79.2%, which are the same as the annual production utilisation rate of PA for the year ended 31 March 2011, and (iv) products produced by our Group will be sold in the same year, our turnover for the year in which replacement of catalysts takes place is estimated to decrease by approximately HK$38.0 million.

Our Group's production was temporarily suspended in April 2008 due to technical upgrade of its production facilities. Such technical suspension, coupled with the financial crisis occurred during the same year, had adversely affected the demand of PA and hence the production volume of PA, production utilisation rate of PA, sales volume of PA, average selling price of PA, turnover and cost of sales.

The following table illustrates selected financial information of our Group for the years ended 31 March 2008 and 31 March 2009.

	Year ended 31 March 2008	Year ended 31 March 2009
	(unaudited)	
Production volume of PA (tonnes)	24,800	15,300
Sales volume of PA (tonnes)	25,494	16,769
Production utilisation rate of PA (%)	99	61
Average selling price of PA (HK$)	9,341	8,801
Turnover (HK$'000)	262,248	175,363
Cost of sales (HK$'000)	229,966	157,226

In order to maintain competitiveness, we may opt to undergo technical upgrade of our production facilities again in the future. Our production capacity will be hampered during production suspension arising out of the said upgrade. Our Group plans to expand the production facilities in or around April 2013. Therefore, it is envisaged that the production of our Group may be suspended twice for an aggregate duration of approximately 3 to 4 months as a result of both the technical upgrade and the replacement of catalyst during the year ending 31 March 2014, and the adverse implications to our Group arising from each of the technical upgrade and the replacement of catalyst may be aggregated during that year. In the event of both the construction of the technical upgrade and the replacement of catalyst are to be carried out during the year ending 31 March 2014, based on the historical experience of our Group in both technical upgrade and the replacement of catalyst, the available production capacity of PA and fumaric acid are estimated to decrease by approximately 37% and 19% respectively and our turnover is estimated to decrease by approximately HK$85.1 million during that year. In addition, given the volatility of the current global economy, our Group's results of operations may be adversely affected.

Our Group has not been maintaining a stable trend of gross profit margin and net profit margin

For the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, the gross profit of our Group were approximately HK$18.1 million, HK$36.7 million, HK$36.4 million and HK$19.4 million, representing gross profit margin of approximately 10.3%, 15.9%, 17.9% and 13.0%, respectively. Our Group's gross profit and gross profit margin were affected by various factors including, among others, the cost of raw materials, the selling prices of our products, the production lead time and the production capacity utilisation rate during the Track Record Period. The table below sets out the average unit purchase cost of OX and average unit selling price of PA during the Track Record Period.

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2011
	HK$	HK$	HK$	HK$
Average purchase cost of OX (per tonne)	7,843	7,271	8,251	11,203
Average selling price of PA (per tonne)	8,801	7,668	8,981	11,072

Due to the delivery and production time, the purchase prices of OX normally lags behind the market prices of PA for approximately eight to ten weeks before it is being used for production. The increase in average selling price of PA for the seven months ended 31 October 2011 is yet to keep up with the drastic increase in the purchase cost of OX which increase from approximately HK$8,251 for the year ended 31 March 2011 to approximately HK$11,203 for the seven months ended 31 October 2011. In addition, with the conversion rate of approximately 109.3%, our Group is able to maintain gross profit margin of approximately 2.1% for the sale of PA for the seven months ended 31 October 2011. In addition, the profit attributable to equity holders of our Company during the Track Record Period were approximately HK$9.7 million, HK$32.0 million, HK$22.0 million and HK$9.9 million representing net profit margin of approximately 5.5%, 13.8%, 10.9% and 6.6% for the respective years/period respectively. Save for the gross profit margin, our Group's net profit and net profit margin were mainly affected by various factors such as our gross profit margin, gain on disposal of subsidiaries and an associate, selling expenses, administrative expenses and finance costs incurred during the Track Record Period.

There is no assurance that the purchase cost of OX and the selling price of PA will be moving in the same direction or with the same magnitude within certain period of time and our Group will be able to maintain or improve our existing level of gross profit margin and net profit margin in the future. If we are unable to improve our business operations to maintain our gross profit margin and net profit margin, we may not be able to generate sufficient funds for carrying out our future plans as scheduled.

Our Group's profitability may be affected by fluctuation in the cost and continual availability of raw materials

OX is the principal raw material for our production. Throughout the Track Record Period, cost of OX represented majority of the total cost of goods sold of our Group, and as such, our Group's business and profitability may be affected by the fluctuations in the price and availability of OX. Our Group sources OX from suppliers and import companies in the PRC. The price of OX is subject to fluctuations due to various factors beyond our Group's control, such as global economic situation, price of crude oil and the supply of OX in the PRC and overseas markets. Notwithstanding that the market prices of OX and PA were generally at the same levels during the Track Record Period, due to the production lead time, there is no guarantee that our Group will be able to pass any increased cost in OX to our customers. Any failure in passing the increase in cost of OX to our customers will increase our Group's production cost and adversely affect our Group's profit margin. In the event that the selling price of PA falls subsequent to purchase of OX, our Group may not be able to pass on higher raw material costs to our customers. As a result, our Group's business, financial condition and results of operations could be materially and adversely affected.

In addition, to maintain competitive operations, we must obtain from our suppliers, in a timely manner, sufficient supply of OX. However, we have not entered into any long-term agreements with the suppliers. In the event that the supply of OX is in shortage, we may be unable to source sufficient OX at an acceptable price and quality from our suppliers. The table below sets out the average unit purchase cost of OX and the purchases volume of OX during the Track Record Period.

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2011
	HK$	HK$	HK$	HK$
Average purchase cost of OX (per tonne)	7,843	7,271	8,251	11,203
	tonne	tonne	tonne	tonne
Purchase volume of OX	15,586	23,623	18,587	10,826

If our suppliers are unable to meet our demand for raw materials on a timely basis and on acceptable terms, our ability to maintain timely and cost-effective production of our products could be affected. In addition, if any of our suppliers were to cease selling to us or to cease operations for any reason, we might experience difficulty in obtaining raw materials from alternative suppliers on a timely and cost-effective basis and on acceptable terms. In the event of any delay or failure in obtaining the necessary raw materials from our suppliers on commercially acceptable terms or at all, our business, results of operations and financial condition may be materially and adversely affected.

We are highly concentrating on limited type of products

Our Group mainly markets two products, namely PA and fumaric acid, whereas a significant portion of our Group's turnover is generated from the sale of PA. For each of the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, turnover from the sale of PA accounted for approximately 84.2%, 89.9%, 84.6% and 86.4% of our Group's total turnover respectively. Our Group currently has no plan to broaden our product mix. Any significant deterioration in our Group's ability to generate sufficient sustainable turnover from the sale of PA and any significant fluctuation in the market demand for PA may adversely affect the sale of such products and hence our Group's profitability.

Our Group's purchase of raw material is reliant on several major suppliers, one of which is also one of our major customers and any change of the status of these suppliers may adversely affect our Group

We depend on a limited number of suppliers for the raw materials, packaging materials and catalysts that we use in our manufacturing process. For each of the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, the five largest suppliers accounted for approximately 90.2%, 91.8%, 97.6% and 85.7% of the total purchases of our Group respectively. In addition, our single largest supplier for the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011 accounted for approximately 43.8%, 49.0%, 43.9% and 29.8% of the total purchases of our Group, respectively. As a result of the deterioration in the global economic condition since 2008, some of our suppliers may have acquired by third parties, or undergone reorganisation or become insolvent. It cannot be assured that our Group is able to maintain stable relationships with our major suppliers. The changes of the status of the suppliers may also lead to an uncertainty of the supplies of our Group's raw materials.

In addition, the supply of OX in the PRC is mainly controlled by limited number of state-owned enterprises in the PRC. Any shortage of OX in the PRC has to be sourced from the global market. Should there be any shortage in the raw materials in the future, our Group's production and financial performance may be adversely affected.

One of the five largest suppliers of our Group (the "Supplier") is also one of the five largest customers. The Supplier accounted for approximately 43.8%, 49.0%, 43.9% and 16.0% of the total purchases of our Group, and approximately 39.8%, 42.4%, 34.7% and 18.7% of the total sales of our Group for the three years ended 31 March 2009, 2010 and 2011 and for the seven months ended 31 October 2011 respectively. In the event that our Group fails to retain the Supplier as our supplier and customer, given our reliance on the Supplier in the past, our Group may result in the shortage of supply of raw material and lost of a key customer. On one hand, our Group may not be able to produce adequate PA to meet the demand of other customers of our Group and our production utilisation rate will decrease as a result of shortage of supply. On the other hand, the finished goods PA may be in excess supply and our investory level may increase as a result of lost of a key customer. In any cases, our revenue, profitability and financial condition may be adversely affected.

Failure to retain key personnel could adversely affect our operations

Our Group's success depends, to a significant extent, on (i) the skills and experience of our key managerial, sales and marketing, production and technical personnel including all of the executive Directors and all of the senior management as set out under the paragraph headed "Senior management" in the section headed "Directors, senior management and staff" in this prospectus, all of whom have made significant contribution to the business development of our Group; and (ii) our ability to attract, retain and motivate qualified personnel. Our Group competes intensively with our competitors for such managerial, sales and marketing, research and technical and other personnel. There can be no assurance that our Group will be able to continue to attract qualified employees who are essential for our Group's growth.

In addition, our Group's success depends largely on the continued service of key members of our senior management, many of whom would be difficult to replace. If our Group loses the services of any key member of our senior management, it will be very difficult for us to find appropriate replacement personnel. If no replacement can be secured on a timely basis, it will seriously harm our Group's business and results of operations.

We may be exposed to risks on potential system failure and disruptions

Our Group's success depends on an efficient and effective computer information system to provide accurate and timely information to monitor and fine-tune specifications of our production. To prevent the failure of the computer system, our Group continuously monitors, maintains and updates the computer system. However there is no assurance that there will not be any disruptions to our Group's computer system and, in such event, the production process of our Group may be adversely affected. Despite our implementation of security measures, our systems are vulnerable to damage caused by computer viruses, natural disasters, unauthorised access and other similar disruptions. Any system failure, accident or security breach could result in disruptions to our operations. To the extent that any disruption or security breach results in a loss of or damage to our data, it could harm our business. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or system failure in the future.

Failure to obtain registrations and/or licences from the relevant authorities could adversely affect our operations

Our Group is required to obtain registrations and/or licences (including 安全生產許可證 (Work Safety License*)) from the relevant authorities to manufacture our products. These registrations and licences are required to be renewed upon expiry. Details of the regulation regime of the relevant authorities are set out in the section headed "Regulatory framework" in this prospectus and details of our registrations and licences are set out in the section headed "Business" in this prospectus. However, if any of these registrations and/or approvals is not renewed upon expiry, our Group may not be able to continue to manufacture various products and our Group's financial performance and business operation may thus be adversely affected. Further, if the relevant authorities enact additional regulations or make changes to the existing laws or regulations, our Group may be required to incur additional compliance costs, which could have an adverse impact on our Group's financial condition.

Our Group has not applied for any patent and may become involved in intellectual property disputes

Given that the production methodologies of PA and fumaric acid are widely applied by chemical producers and manufacturers all over the world and such methodologies can easily be found in chemistry textbooks, our Group has not applied for any patent in respect of our production know-how. That said the detailed production methodologies of our products were purchased from an Independent Third Party in 1996. Although the production processes of PA and fumaric acid require one chemical reaction only, the production processes involve various production steps, such as mixing of purified raw materials and oxygen, chemical reaction with the catalysts for PA and isomerisation and crystallisation for fumaric acid. The production processes are conducted under a contained environment, where raw materials are filtered, heated and compressed under optimal temperature and pressure. Products that fail to meet the required standard will be recycled for re-processing. The technical division of our Group will monitor the whole process in the control room and make any necessary adjustment on the specification and reaction conditions as and when appropriate to ensure our Group's products are of high standard and in line with market standards as other comparable PA production plants in the PRC uses technologies developed by ranging from domestic to international expertise.

Our Group has collected relevant production data and gained experience in terms of optimal production specifications over years of operations, such as concentration, temperature and pressure and selection of catalysts in various production steps, which are not publicly available information and are not easily copied by other market players. In the event that there is a leakage of our production know-how, there is no assurance that our Group's production know-how will not be used by others without our Group's prior consent or knowledge. Should there be any unauthorised use of our Group's production know-how, our Group may have to use financial and other resources to assert our rights and restrain others from using our Group's production know-how, and our financial condition and results of operations may be adversely affected.

Our Group has not registered a lease agreement according to relevant PRC rules and regulations

As advised by the PRC Legal Adviser, according to the relevant PRC rules and regulations, a lease agreement shall be registered with the relevant authority within 30 days after the lease agreement is entered into. The lease agreement of a parcel of land on which the production facilities of fumaric acid and two storage tanks are located has not been registered with the relevant authority. In the event that our Group is required to vacate from the leased land, our Directors estimate that it would cost approximately RMB34,000 and our Group will lose the revenue generated from sale of fumaric acid during the relocation period of the production facilities of the fumaric acid of approximately HK$2,114,000, of which the relocation is estimated to take approximately one month, assuming that the sale amount of fumaric acid for the year of vacating the leased land is same as the sale amount of fumaric acid for the year ended 31 March 2011, and the sale amount is distributed evenly throughout the year.

Our Group recorded net current liabilities as at 31 March 2009, 2010 and 2011 and 31 October 2011 and net liabilities positions as at 31 March 2009

Our Group had net current liabilities of approximately HK$120.6 million, HK$64.5 million, HK$40.7 million and HK$25.0 million as at 31 March 2009, 2010 and 2011 and 31 October 2011, and net liabilities of approximately HK$13.2 million as at 31 March 2009. Our Group's net current liabilities and net liabilities positions were principally resulted from the amounts due to related companies, and to one of the directors and one of the Shareholders of Great Top respectively for financing our Group's business, operations and capital expenditures, which amounted to approximately HK$83.3 million, HK$69.5 million, HK$73.7 million and HK$80.0 million as at 31 March 2009, 2010 and 2011 and 31 October 2011 respectively. Our Group's financial position turned into net assets of HK$18.3 million, HK$45.6 million and HK$61.0 million as at 31 March 2010, 31 March 2011 and 31 October 2011, respectively. Our net current liabilities position exposes us to certain liquidity risks. Our future liquidity, the payment of trade and other payables and the repayment of outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities and adequate external financing.

There can be no assurance that our Group will not experience liquidity problems in the future. If we fail to generate sufficient turnover from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our Group's business and financial position will be adversely affected.

Our Group has high debt-to-equity ratios and may not be able to raise necessary funds in the future

Our Group has high debt-to-equity ratio during the Track Record Period as our Group has obtained bank borrowings and amount due to one of the directors and one of the Shareholders of Great Top for expansion of our production capacity. The debt-to-equity ratio of our Group as at 31 October 2011, which is calculated based on the net debt *(Note)* divided by total equity, was approximately 1.4. The high debt-to-equity ratio was mainly resulted from the bank borrowings and amount due to the above-mentioned director and shareholder of approximately HK$140.9 million as at 31 October 2011.

There can be no assurance that our Group will always be able to raise necessary funds for our business and operations. In the event that the banks and other financial institutions providing existing banking and credit facilities do not continue to extend similar or more favourable facilities to our Group and our Group fails to obtain alternative fundings on reasonable terms, our Group's business and financial position will be adversely affected.

We expose to risks when handling dangerous articles during our production process

During the manufacturing process of PA and fumaric acid, our Group is required to use dangerous articles which are toxic. In the event that a leakage of toxic or inflammable chemicals occurs at the storage sites, the production sites or during the transportation of the products, health or fire hazards may occur. There is no assurance that accidents of such nature will not occur in the future. Should our Group be held liable for any of such accidents, penalty may be imposed on our Group and criminal liabilities may be imposed on employees of our Group under the laws of the PRC. In such event, the operations, financial position and operating results of our Group may be adversely affected.

We expose to the risk of limited insurance coverage

Our Group's insurance policies cover damage on the machineries only and do not cover any type of business disruptions, product liability or third party liabilities. Losses, damages, claims and liabilities arising from or in connection with business interruption, product liabilities or third party liabilities may adversely affect the profitability of our Group. Besides, quality of our products may be critical to the operations of our customers' businesses. If our Group's products contain defects or errors which adversely affect any of our customers' business operations, our Group may need to incur additional costs for rectifying such defects or defending any legal proceedings and claims brought by our customers against us. Consequently, this may affect our Group's relationship with the relevant customers and our reputation in the market. Any defects or errors in our products could result in delay or loss of turnover, adverse customer reaction against our Group, negative publicity, additional expenditure in rectifying the defects and settling claims against our Group. Further information on the insurance policies maintained by our Group is set out under the paragraph headed "Insurance" in the section headed "Business" in this prospectus.

Note: Net debt is defined as the total debt net of cash and cash equivalents.

Our operations rely on a continuous power supply and the ready availability of utilities, and any shortages or interruptions could significantly disrupt our operations and increase our expense

The manufacture of our products relies on the continuous and uninterrupted supply of electric power and water, as well as waste and emissions discharge facilities. Any shortage, interruption or discharge curtailment could significantly disrupt our operations and increase our expenses. We do not have backup generators or alternate sources of power at our production facilities to support our production in the event of a blackout. In addition, our insurance coverage does not extend to any damages resulting from any interruptions to our power supply. However, any interruption in our ability to continue operations at our production facilities could damage our reputation, harm our ability to retain existing customers or obtain new customers and could result in loss of turnover, any of which could have a material adverse effect on our business, financial condition and results of operations.

We may face various risks relating to our production process that may adversely affect our business

We may experience delays, disruptions or quality control problems in our production process, and, as a result, we may not be able to complete the production process timely and maintain the quality of our products, which would negatively affect our business, results of operations and financial condition. Also, relocation of operations to expanded facilities could result in manufacturing disruptions. In the event any of the foregoing happens, the production of PA may be impaired and hence the quantity of MA, the by-product derived during the production process, may not be enough for our Group's production of fumaric acid. We may then have to source MA from independent supplier to maintain the production flow of fumaric acid. Any disruptions and additional cost of sourcing MA from independent suppliers could adversely affect our turnover, gross profit margin and results of operations. Changes in our manufacturing processes, or the inadvertent use of defective materials could significantly reduce our manufacturing yields and product reliability. Our production facilities could be damaged by accidents or natural disasters. In such event, the coverage under our insurance policy may be inadequate or subject to exclusions depending on the facts and circumstances of individual occurrences.

RISKS RELATING TO OUR INDUSTRY

Our Group's business may be adversely affected by environmental protection laws and regulations

Our Group is required to comply with the environmental protection laws and regulations promulgated by the national and local governments of the PRC. Some of these laws and regulations govern the level of fees payable to government entities providing environmental protection services and the prescribed standards relating to the discharge of solid wastes, effluent and gases. In addition, these laws and regulations further empower local governments to impose penalties on those entities who fail to comply with the prescribed standards. However, the national and the local governments of the PRC may promulgate new laws and regulations which may require our Group to pay further environmental protection fees or to upgrade our environmental protection facilities in the future. If our Group fails to comply with these laws and regulations and any claim for such failure is successfully brought against our Group, our Group's financial position and operations may be adversely affected.

Our business depends on the macroeconomic situation of the PRC

Currently, all of our Group's earnings are derived from the PRC. Our business and results of operations will be affected by the overall performance of the PRC economy, which may in turn be affected by many unpredictable factors including, among others, local and international economic and political conditions, general market sentiment, changes in the regulatory environment and fluctuations in the interest rates. Moreover, the future prospect of the PRC is linked to the economic, social and political development of the PRC and any unfavourable disruption to such development could have a corresponding effect on the PRC economy and our future prospects may be adversely affected accordingly.

RISKS RELATING TO THE PRC

Expiry of the preferential tax treatment in the PRC enjoyed by NWCI may have a negative impact on our results of operations

The rate of income tax chargeable on companies in the PRC may vary depending on the availability of preferential tax treatment or subsidies based on their industry or location. On 16 March 2007, the PRC Enterprise Income Tax Law was enacted, which became effective on 1 January 2008. On 6 December 2007,《中華人民共和國企業所得稅法實施條例》(Regulation for the Implementation of the Law of the PRC on Enterprise Income Tax*) was promulgated and became effective on 1 January 2008. The PRC Enterprise Income Tax Law adopts a uniform tax rate of 25% for all enterprises (including foreign-invested enterprises) and terminates most of the current tax exemption, reduction and preferential treatments available under current PRC tax laws and regulations. Under《國務院關於實施企業所得稅過渡優惠政策的通知》(Notification of the State Council on Carrying out the Transitional Preferential Policies Concerning Enterprise Income Tax*), enterprises that were established before 16 March 2007 and have already enjoyed preferential tax treatments will continue to enjoy them (i) in the case of preferential tax rates, for a period of five years from 1 January 2008, or (ii) in the case of preferential tax exemption or reduction for a specified term, until the expiration of such term. However, for those that do not enjoy the preferential treatment due to failure to make profits, the term of preferential treatment may be counted as of 2008. For details, please refer to the section headed "Regulatory framework" in this prospectus.

NWCI enjoyed the policy of 兩免三減半 (Two-Year Exemption and Three-Year Reduction*) since its first profit-making year, being the year 2007. NWCI was exempted from enterprise income tax (the "EIT") for the first year and the second year, and entitled to a half reduction of the EIT from the third year to the fifth year from year 2007. Accordingly, it was exempted from income tax for fiscal years 2007 and 2008 and enjoyed a 50% reduction of tax for 2009, 2010 and 2011. The effective tax rate of our Group for the three years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011 were 1.0%, 7.8%, 13.2% and 14.1% respectively. Based on the PRC Enterprise Income Tax Law and related implementation stipulations, the preferential tax treatment in the PRC enjoyed by NWCI had been expired on 31 December 2011 which may have a negative impact on our results of operations. Commencing on 1 January 2012, the actual tax rate applicable to NWCI was 25%.

Dividends payable by NWCI to us may become subject to withholding taxes under the PRC tax laws

Under the PRC Enterprise Income Tax Law, dividends payable to foreign investors which are "*derived from sources within the PRC*" may be subject to income tax at the rate of 20% by way of withholding. Since we are a holding company and substantially all of our income come from dividends that we receive from NWCI, dividends that NWCI declares may be deemed "*derived from sources within the PRC*" for purposes of the PRC Enterprise Income Tax Law and therefore subject to an exempted 10% withholding tax according to the PRC Enterprise Income Tax Law and its implementation rules. For investors incorporated in Hong Kong which hold at least 25% of equity interest of those PRC companies, a preferential rate of 5% will be applied. If NWCI is required under the PRC Enterprise Income Tax Law to withhold PRC income tax on dividends payable to us, any investment in our Company may be materially and adversely affected.

Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under the PRC tax laws

Under the PRC Enterprise Income Tax Law and implementation regulations issued by 國務院 (the State Council*), PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "*non-resident enterprises*" (and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares by such investors is also subject to PRC income tax at the rate of 10% if such gain is regarded as income derived from sources within the PRC. If we are considered a PRC "*resident enterprise*," it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realise from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the PRC Enterprise Income Tax Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

Our Group's business may be affected by the political and economic environment in the PRC

Over the past 20 years, the PRC government has been reforming the economic and political systems in the PRC. Such reforms have resulted in significant economic and social advancement. Many of the reforms are unprecedented and are expected to be further refined and improved from time to time, while political, economic and social factors may also lead to further re-adjustment. The reform and re-adjustment process, however, may not always have a positive effect on the operations of our Group. There is also no assurance that the PRC government will continue to further pursue economic reforms. As most of our Group's current turnover is derived from sales to the PRC market, you should note that changes in the economic and political environment in the PRC and changes in the PRC government's economic policies may adversely affect our Group's operation, performance and profitability in the PRC.

There are uncertainties regarding the interpretation and enforcement of the PRC laws and regulations

Since 1979, many laws and regulations governing economic matters have been promulgated in the PRC. The interpretation of the PRC laws may be influenced by policy changes reflecting domestic, political and social changes. It may also be difficult to enforce a foreign judgement in the PRC. As the PRC legal system develops, the promulgation of laws and regulations or refinement and modification of existing laws and regulations may affect foreign investors. The general effect of legislation since 1982, when the National People's Congress amended the constitution to authorise foreign investment, has been to enhance significantly the protection afforded to foreign investment enterprises in the PRC. However, these laws, regulations and requirements are relatively recent and their interpretation and enforcement are subject to considerable uncertainties. In addition, as legal system in the PRC is subject to further development, foreign investors in a business similar to that of our Group may face uncertainties as a result of any introduction of laws and regulations and changes in the existing legislations. There is no assurance that our Group's performance and profitability will not be adversely affected by future changes in legislations or the interpretation thereof will not have an adverse effect on our Group.

Change in foreign exchange regulations may materially and adversely affect our Group's business, operations and financial conditions

Our Group is exposed to the risks associated with the currency conversion and exchange rate system in the PRC, as our Group's income is denominated in Renminbi which is currently not freely exchangeable, whereas dividends to Shareholders are to be paid in HK dollars. Existing restrictions on the conversion of Renminbi into foreign currencies may affect the ability of our Group to convert Renminbi into foreign currencies (and thus restrict the subsequent repatriation of those funds), and any tightening of such restrictions can have an adverse effect on our Group.

In July 2005, the PRC government announced that the value of Renminbi would be pegged to a basket of currencies, and revalued the exchange rate of Renminbi, which has resulted in an abolishment of the Renminbi to US dollar peg applied in the past. In August 2008, the PRC government revised the《中華人民共和國外匯管理條例》(PRC Foreign Exchange Administration Regulations*) to promote the reform of its exchange rate region. From July 2005 to the Latest Practicable Date, the value of Renminbi had appreciated against the US dollar. There can be no assurance that Renminbi will not appreciate further. There is also no assurance that the value of Renminbi will not depreciate in the event that the international sentiment suggests the same or the PRC government considers a depreciation to be appropriate after considering various economic and political factors. In particular, recent statements by officials of The People's Bank of China, which is the central bank in China, have suggested willingness of the PRC government to allow increasing flexibility in the range within which the Renminbi is permitted to fluctuate. Accordingly, exchange rate fluctuations of Renminbi with respect to other currencies could have a material adverse effect on our business, financial condition and results of operations.

We are a holding company and our ability to pay dividends is dependent upon the earnings of, and distributions by, our subsidiaries

We are a holding company incorporated under the laws of the Cayman Islands. All of our business operations are conducted through our subsidiaries. Our principal asset is our beneficial interest in NWCI. Our ability to pay dividends is dependent upon the earnings of our subsidiaries and their distributions of funds to us, primarily in the form of dividends. The ability of our subsidiaries to make distributions to us depends upon, among other things, their distributable earnings. As advised by our PRC Legal Adviser, under the PRC laws, payment of dividends is only permitted out of accumulated profits per PRC accounting standards and regulations, and our subsidiary in the PRC is also required to set aside part of its after-tax profits to fund certain reserve funds that are not distributable as cash dividends. Other factors such as cash flow conditions, restrictions on distributions contained in our subsidiaries' articles of association, restrictions contained in their debt instruments, withholding tax and other arrangements will also affect our subsidiaries' ability to make distributions to us. These restrictions could reduce the amount of distributions that we receive from our subsidiaries, which in turn would restrict our ability to fund group operations and pay dividends on the Shares.

You may experience difficulty in enforcing judgments against us and our management

The majority of our assets are located in the PRC and a majority of our senior management reside in the PRC. We have been advised by our PRC Legal Adviser that the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with, among others, the United States, the United Kingdom, Japan and Singapore. As a result, recognition and enforcement in the PRC of judgments of a court in any of the jurisdictions mentioned above in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

RISKS RELATING TO THE SHARE OFFER

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

Prior to the Share Offer, there was no public market for our Shares. The initial Offer Price range for our Shares was derived as the result of arm-length negotiations between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for the Shares following the Share Offer. We have applied to list and deal in our Shares on the Main Board. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will be developed following the Share Offer and the Capitalisation Issue or that our Shares will always be listed and traded on the Main Board. We cannot assure you that an active trading market will be developed or be maintained following the completion of the Share Offer and the Capitalisation Issue, or that the market price of our Shares will not decline below the Offer Price.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our turnover, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our products and services or fluctuations in market prices for shares of comparable companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade.

The market price of our Shares may be volatile

The trading price of the Shares could be subject to significant volatility in response to, among other factors:

(i) investor perceptions of our Group and our future plans;

(ii) variations in our Group's operating results;

(iii) changes in pricing made by us or our competitors;

(iv) technological innovations;

(v) changes to senior management;

(vi) the depth and liquidity of the market for the Shares; and

(vii) general economic and other factors.

Any material changes in the above factors could cause the market price of our Shares to change substantially.

Purchasers of our Shares may experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price may be higher than the net tangible asset value per Share immediately prior to the completion of the Share Offer and the Capitalisation Issue. Therefore, subscribers of the Offer Shares in the Share Offer may experience an immediate dilution in the pro forma net tangible asset value of HK$0.47 per Share and HK$0.56 per Share based on the Offer Price of HK$1.10 per Share and HK$1.50 per Share, respectively.

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

Future sales by our existing Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

We cannot assure you that our Substantial Shareholders or Controlling Shareholders will not dispose of the Shares held by them. We cannot predict the effect, if any, that any future sales of Shares by any Substantial Shareholders or Controlling Shareholders, or the availability of Shares for sale by any Substantial Shareholders or Controlling Shareholders may have on the market price of our Shares. Sales or issuance of substantial amounts of Shares by any Substantial Shareholders or Controlling Shareholders, or the market perception that such sales or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

Impact of granting options under the Share Option Scheme

We have adopted the Share Option Scheme pursuant to which we will in the future grant our employees and business partners options to subscribe for Shares. No options had been granted pursuant to the Share Option Scheme as at the Latest Practicable Date.

The fair value of the options at the date on which they were granted with reference to the valuer's valuation will be charged as share-based compensation, which may materially and adversely affect 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 may result in the dilution to the percentage of ownership of our Shareholders and the net asset value per Share.

Details of the Share Option Scheme are set out in the section headed "Share Option Scheme" in Appendix V to this prospectus.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Certain facts and other statistics in this prospectus are derived from various official government sources and may not be reliable

Certain facts, forecasts and other statistics in this prospectus including those relating to the PRC, the PRC economy and the chemical industry have been derived from various official government publications. We believe that the sources of such facts, forecasts and other statistics are appropriate sources for such facts, forecasts and other statistics and have taken reasonable care in extracting and reproducing such facts, forecasts and other statistics. We have no reason to believe that such facts, forecasts and other statistics is false or misleading or that any fact has been omitted that would render such facts, forecasts and other statistics false or misleading. The facts, forecasts and other statistics have not been independently verified by us, the Sponsor, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisers or any other party involved in the Share Offer and no representation is given as to their accuracy and completeness. Therefore our Company makes no representation as to the accuracy of such facts, forecasts and other statistics, which may not be consistent with other information compiled within or outside Hong Kong or the PRC.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts, forecasts or statistics.