
CORPORATE HISTORY, DEVELOPMENT AND REORGANISATION

CORPORATE DEVELOPMENT

Our Company was established in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9 August 2010.

Our Company has become the holding company of our Group pursuant to the Reorganisation. Details of the Reorganisation are set out under the paragraphs headed “Our Group’s Reorganisation” in this section.

The following sets forth the corporate development of the subsidiaries of our Company since their respective dates of establishment or incorporation.

Shengfa

Shengfa was incorporated on 5 July 2010 in the BVI with limited liability and is the wholly-owned subsidiary of our Company.

Upon its incorporation, its authorised share capital was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, of which 1 ordinary share was allotted and issued to our Company for cash at par on 27 August 2010.

Cheng Wang

Cheng Wang was incorporated on 5 July 2010 in the BVI with limited liability and is the wholly-owned subsidiary of Shengfa.

Upon its incorporation, its authorised share capital was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, of which 1 ordinary share was allotted and issued to Shengfa for cash at par on 27 August 2010.

Great Top

On 1 April 1993, Great Top was incorporated in Hong Kong with limited liability with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each with each of Vanko Limited and Venco Limited subscribing for 1 ordinary share.

On 15 July 1993, 4,999 ordinary shares of Great Top were allotted and issued to Mr. Choi and Mr. Chan Shu Kai, an Independent Third Party, respectively.

On 16 July 1993, 1 ordinary share of Great Top was transferred from Venco Limited as subscriber to Mr. Choi for cash at par and 1 ordinary share of Great Top was transferred from Vanko Limited as subscriber to Mr. Chan Shu Kai for cash at par.

On 18 January 2000, 5,000 ordinary shares of Great Top were transferred from Mr. Chan Shu Kai to Mrs. Choi for cash at par.

The considerations of the above share transfers were based on the nominal value of the shares of Great Top, which was the only pricing reference available and acceptable by the parties at the relevant time.

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Mr. Chan Shu Kai is an acquaintance of Mr. Choi and does not have any past or present relationships, including family or employment relationships with our Group and our shareholders, directors, senior management and any of their respective associates. He was invited by Mr. Choi to hold the shares of Great Top to satisfy the then legal requirements which provided that a Hong Kong company was required to have no less than 2 shareholders. Although Mr. Chan Shu Kai is not a family member of Mr. Choi, he is a friend of Mr. Choi whom he can place trust in. Therefore, no declaration of trust was executed by Mr. Chan Shu Kai in favour of Mr. Choi at the time of the incorporation of Great Top in 1993 when Great Top did not have any substantial asset or business operation. In 2000, as the planning and development of the business of NWCI progressed, it was decided that the shares of Great Top held by Mr. Chan Shu Kai should be transferred to Mrs. Choi so that Mr. Choi's family would retain complete control of NWCI.

On 10 July 2001, 4,999 ordinary shares of Great Top were transferred from Mr. Choi to Mrs. Choi for cash at par.

Before the Reorganisation, each of Mr. Choi and Mrs. Choi were holding 1 and 9,999 ordinary shares of Great Top, representing 0.01% and 99.99% of the issued share capital of Great Top respectively.

NWCI

The establishment of NWCI was approved by 廈門海滄投資區經濟發展局 (the Economic Development Bureau of Haicang Investment Zone of Xiamen*) on 20 December 1995. NWCI was established as a wholly foreign-owned enterprise with an investment capital of US\$19,460,000 and a registered capital of US\$8,000,000. 廈門市人民政府 (Xiamen Municipal People's Government*) granted a certificate of approval to NWCI on 20 December 1995 approving its establishment as a wholly foreign-owned enterprise and 廈門市工商行政管理局 (Administration for Industry and Commerce of Xiamen Municipal*) granted a business license to NWCI on 22 December 1995.

At the time of the establishment of NWCI, the sole shareholder of NWCI was Deepprofit Development Limited (深滙發展有限公司), a company incorporated in Hong Kong, which is the ultimate beneficial owners of the trusts with which Mr. Choi's family members are the beneficiaries.

On 7 October 1996, 廈門海滄投資區經濟發展局 (the Economic Development Bureau of Haicang Investment Zone of Xiamen Municipal*) approved the change of the shareholding of NWCI and Great Top became the sole shareholder of NWCI.

As at 30 September 1996, Great Top had purchased from Yoshida Seiko (HK) Limited (吉田精工株式會社(香港)有限公司) a set of equipment and the relevant technology for production of PA with an annual production capacity of 20,000 tonnes and had contributed such proprietary technology to NWCI, which amounted to US\$1,986,000.00, which constituted 25% of the total amount of the registered capital of NWCI.

On 31 January 1997, Great Top further contributed a total sum of US\$780,000.00 in cash to NWCI. As at 31 January 1997, the total amount of paid up capital of NWCI was US\$2,766,000.00, which constituted 34.58% of the total amount of the registered capital of NWCI.

On 6 June 1997, Great Top further contributed a total sum of HK\$4,000,000.00 (then equivalent to US\$515,380.90) in cash to NWCI. As at 20 July 1997, the total amount of paid up capital of NWCI was US\$3,281,380.90, which constituted 41.02% of the total amount of the registered capital of NWCI.

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On 29 October 1997, Great Top further contributed a total sum of HK\$10,000,000.00 (then equivalent to US\$1,288,460.55) in cash to NWCI. As at 29 October 1997, the total amount of paid up capital of NWCI was US\$4,569,841.45, which constituted 57.12% of the total amount of the registered capital of NWCI.

During the period from 1 March 1998 to 31 May 1998, Great Top further contributed a total sum of HK\$16,500,000.00 (then equivalent to US\$2,129,908.36) in cash to NWCI. As at 31 May 1998, the total amount of paid up capital of NWCI was US\$6,699,749.81, which constituted 83.75% of total amount of the registered capital of NWCI.

As at 22 December 2004, Great Top further contributed a total sum of HK\$10,112,974.51 (then equivalent to US\$1,300,250.19) in cash to NWCI and the total amount of paid up capital of NWCI was therefore US\$8,000,000, which is also the total amount of the registered capital of NWCI. The whole of the said US\$8,000,000 contributed by Great Top to NWCI was financed and sourced from Mr. Choi's family.

As advised by our PRC Legal Adviser, relevant approvals and permits from the relevant authorities in the PRC have been obtained in respect of all the share transfers or increase in registered capital of NWCI.

Save as disclosed above, there had not been any other change in the shareholding or share capital of NWCI as at the Latest Practicable Date.

Acquisitions and disposals of the subsidiaries of NWCI

As Mr. Choi has also been carrying on real estate businesses in the PRC, he had in such course arranged NWCI as the holding company to acquire several equity interests in real estate related companies in 2006 as follows:

- (i) Pursuant to an agreement dated 26 May 2006, NWCI acquired from an Independent Third Party, 北京魯能房地產開發經營有限責任公司 (Beijing Lu Neng Real Estate Development Co., Ltd.*), being a government-owned enterprise in the PRC, 75% of the shares of 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) (formerly known as (1) 廈門英佳貿易有限公司 (Xiamen Ying Jia Trade Co., Ltd.*) and (2) 廈門英大房地產開發有限公司 (Xiamen Ying Da Real Estate Development Co., Ltd.*)), in consideration of RMB9,375,000. The said consideration was arrived at through arm's length negotiation with reference to the registered share capital of 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) plus a premium acceptable by all parties at that time. This acquisition was registered and completed on 17 March 2008.
- (ii) Pursuant to an agreement dated 28 June 2006, NWCI acquired from an Independent Third Party, 北京西單國際大廈開發有限公司 (Beijing Xidan International Mansion Development Co., Ltd.*), being a government-owned enterprise in the PRC, 25% of the shares of the said 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) in consideration of RMB3,125,000. The said consideration was arrived at through arm's length negotiation with reference to the registered share capital of 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) plus a premium acceptable by all parties at that time. This acquisition was registered and completed on 17 March 2008.

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- (iii) Pursuant to an agreement dated 31 August 2006, NWCI acquired from an Independent Third Party, 廈門電力工程集團有限公司 (Xiamen Electric Power Engineering Group Co., Ltd.*), being a government-owned enterprise in the PRC, 50% of the shares of 廈門年勝投資管理有限公司 (Xiamen Nian Sheng Investment Management Co., Ltd.*) in consideration of RMB5,000,000. The said consideration was arrived at through arm's length negotiation with reference to the registered share capital of 廈門年勝投資管理有限公司 (Xiamen Nian Sheng Investment Management Co., Ltd.*). This acquisition was registered and completed on 12 September 2006.

In 2007, after NWCI had commenced its commercial production and expanded its production facilities of chemical products, it was decided that NWCI would focus on the core business of the manufacture and sale of intermediate chemicals and therefore proceed to dispose of NWCI's interests in the aforesaid real estate related companies as follows:

- (i) Pursuant to an agreement dated 6 February 2007, NWCI disposed its 50% shareholding in 廈門年勝投資管理有限公司 (Xiamen Nian Sheng Investment Management Co., Ltd.*) to an Independent Third Party, 廈門銀通海投資有限公司 (Xiamen Yin Tong Hai Investment Co., Ltd.*), being a private enterprise in the PRC, in consideration of RMB5,000,000. The said consideration was arrived at through arm's length negotiation with reference to the registered share capital of 廈門年勝投資管理有限公司 (Xiamen Nian Sheng Investment Management Co., Ltd.*). This disposal was registered and completed on 6 March 2007.
- (ii) Pursuant to an agreement dated 12 March 2010 and a supplemental agreement dated 31 March 2010, NWCI disposed all its shareholding in 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) to an Independent Third Party, 廈門銀通海投資有限公司 (Xiamen Yin Tong Hai Investment Co., Ltd.*), being a private enterprise in the PRC, in consideration of RMB4,150,000. The said consideration was arrived at through arm's length negotiation with reference to the registered share capital of 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) and the fair market value of its assets acceptable by all parties at that time. This disposal was registered and completed on 19 March 2010.

At all time during the period from the aforesaid acquisition till the disposal of the shares of the said 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) by NWCI, 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) held 99.25% of the shares of 廈門英大商貿有限公司 (Xiamen Ying Da Trade Co., Ltd.*) and 50% of the shares of 廈門年勝投資管理有限公司 (Xiamen Nian Sheng Investment Management Co., Ltd.*).

Prior to the disposal of 廈門英大房地產有限公司 (Xiamen Ying Da Real Estate Co., Ltd.*) on 19 March 2010, the Other Companies recorded losses of approximately HK\$947,000 and HK\$1,272,000 for the two years ended 31 March 2009 and 2010 respectively.

Save as disclosed above, as at the Latest Practicable Date, NWCI did not have any other subsidiary since its establishment.

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OUR GROUP'S REORGANISATION

Our Group has undergone the Reorganisation to rationalise our Group's structure in contemplation of the Listing which involved the following steps:

Incorporation of our Company

On 9 August 2010, our Company was incorporated under the laws of the Cayman Islands as an exempted company with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. one Share was allotted and issued nil-paid to Codan Trust Company (Cayman) Limited as initial subscriber. On the same day, such one nil-paid Share held by Codan Trust Company (Cayman) Limited was transferred to Lian Wang. Lian Wang is owned as to 0.01% and 99.99% by Mr. Choi and Mrs. Choi, respectively.

Incorporation of Shengfa and Cheng Wang

Please refer to the paragraph headed "Corporate development" in this section for details.

Acquisition of Great Top by Cheng Wang

Pursuant to a sale and purchase agreement entered into among Mr. Choi, Mrs. Choi, Shengfa, Cheng Wang and our Company on 3 February 2012, Cheng Wang acquired (i) the entire issued share capital of Great Top from Mr. Choi and Mrs. Choi; and (ii) all the outstanding indebtedness in the aggregate sum of HK\$79,990,000 due or owing from Great Top to Mr. Choi and Mrs. Choi. In consideration of such acquisition:

- (i) Cheng Wang had, at the direction of Mr. Choi and Mrs. Choi, procured our Company to:
 - (a) allot and issue 999,999 new Shares, credited as fully paid, to Lian Wang;
 - (b) credit as fully paid at par one nil-paid Share held by Lian Wang;
- (ii) One ordinary share of US\$1.00 each in Shengfa, credited as fully paid, was allotted and issued to our Company; and
- (iii) One ordinary share of US\$1.00 each in Cheng Wang, credited as fully paid, was allotted and issued to Shengfa.

After the above acquisition, Great Top became an indirect wholly-owned subsidiary of our Company and all the outstanding indebtedness in the sum of HK\$79,990,000 was owed by Great Top to Cheng Wang directly. In this connection, our Company held the entire interest in NWCI indirectly.

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CAPITALISATION ISSUE

On 14 March 2012, the authorised share capital of our Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 Shares.

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Share Offer, our Directors are authorised to capitalise a sum of HK\$1,490,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 149,000,000 Shares for allotment and issue to Lian Wang.

BUSINESS DEVELOPMENT

NWCI was established in December 1995, the business scope of which covers the manufacture and sale of PA, fumaric acid and other by-products of PA which include o-xylene in water and mixture of MA and maleic acid (excluding dangerous and controlled chemicals).

In December 1996, 廈門海滄投資區經濟發展局 (the Economic Development Bureau of Haicang Investment Zone of Xiamen*) approved NWCI's construction project of the production facilities with annual capacity of 20,000 tonnes of PA. In October 1999, NWCI obtained the land use right certificate from 廈門市土地房產管理局 (the Land and Housing Administrative Bureau of Xiamen Municipal*) with an area of 20,198.2 sq.m. from 20 February 1997 to 19 February 2047 for industrial use. In 1999, NWCI commenced the construction of two designated underground pipelines linked between the production facilities and a nearby pier for the transmission of raw materials. NWCI completed the construction of the production facilities in May 2002 and commenced trial production of PA in August 2003. During the period from August 2003 to March 2006, NWCI was in the process of applying for various licences and permits required for its commercial productions of PA, including the Work Safety License, without which no production of dangerous chemical products can be carried out pursuant to the 《安全生產許可證條例》(Regulation on Work Safety License*) implemented on 13 January 2004. Before the issuance of the licenses and permits, various governmental authorities of the Xiamen Municipal Government will undergo inspection of NWCI's, including but not limited to, production plant, machineries, wastage discharge system, to determine if it is eligible for the production of PA. NWCI obtained the Work Safety License in March 2006. Despite that the official service pledge for issuing the Work Safety License is 45 days upon receipts of all the necessary documents, it is not uncommon that the inspections and approvals by the respective governmental authorities span across for years because the process involves more than one site inspections by the government authorities which were responsible for assessing, on a case-by-case basis, and issuing the respective licences and permits for NWCI's commercial operation. At the initial stage, the government authorities will give feedback to the production plant should there be certain areas of the production process that need refinement and improvement. Depending on the scope of the suggested change, the steps taken to comply with the requirement of the government officials could take a substantial period up to months. Upon completing such refinement and improvement, the government officials from these various authorities will allow NWCI for trial production before re-visiting the plants for further assessment.

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Our Directors believe that it is the industry norm that respective governmental authorities are required to conduct the aforesaid procedures prior to obtaining the licences and permits. For details, please refer to the section headed “Regulatory framework” in this prospectus.

NWCI commenced commercial production in March 2006. From June 2006 to May 2007, the production facilities underwent technical improvement for upgrading the annual production capacity of PA to 25,000 tonnes.

In order to better utilise the by-products in the production of PA, NWCI constructed the production facilities of fumaric acid from August 2006 to October 2006 with annual capacity of 2,500 tonnes. NWCI’s business operations during the above-mentioned period was wholly financed by a shareholder’s loan agreed between Mr. Choi and NWCI based on arm’s length negotiations. The source of funding of the said shareholder’s loan originated from Mr. Choi’s family. NWCI considered that Mr. Choi’s terms of borrowing were more favourable than other financing method because less administrative costs and issues were involved.

In order to meet the significant demand for our products, the production facilities of fumaric acid underwent technical improvement from April 2008 to September 2008 and in March 2011 to upgrade the annual production capacity of fumaric acid to 3,000 tonnes and 4,000 tonnes respectively, and the production facilities of PA underwent technical improvement in April 2008 to upgrade the annual production capacity of PA from 25,000 tonnes to 30,000 tonnes. The production facilities of fumaric acid were originally situated next to the production facilities of PA. In order to facilitate the expansion plan of production capacities of PA and fumaric acid after Listing, the production facilities of fumaric acid were relocated to the land leased by our Group under a leased agreement in March 2011. The relocation of production facilities of fumaric acid in March 2011 did not result in any suspension of the production of PA and fumaric acid.

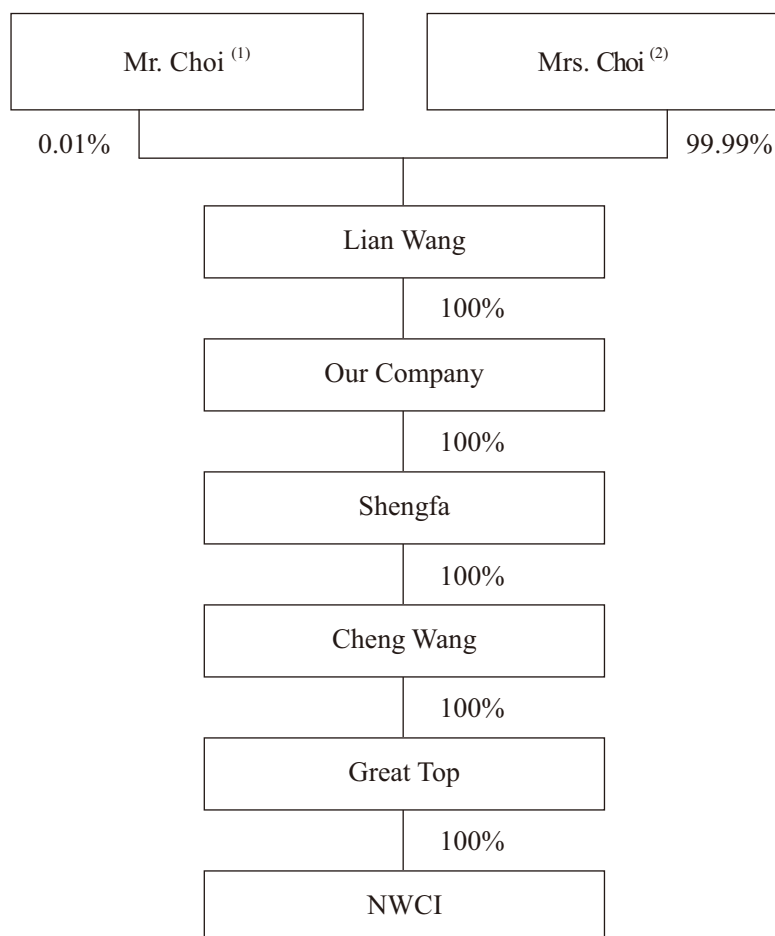
Pursuant to 《國務院關於放寬固定資產投資審批權限和簡化審批手續的通知》(國發[1987]23號) (Notice Regarding the Delegation of Approval Authority for Foreign-Invested Projects and Simplification of Approval Process*) promulgated by the State Council on 30 March 1987, for any technical improvement project below RMB20 million, if an enterprise is able to raise the funding, implement the ancillary terms and in compliance with applicable regulations of the state, it can undertake such technical improvement projects without obtaining the approval of the relevant government authorities. As confirmed by our Directors and advised by the PRC Legal Adviser, the amount used by our Group for each technical improvement of production facilities was below RMB20 million and therefore our Group was not required to obtain any approval, permit or licence for undertaking the technical improvements of production facilities.

NWCI first obtained ISO9001:2000 Quality System Certificate issued by SIRA Certification Service on 30 October 2008 and the said certificate (being revised by ISO to ISO 9001:2008, as amended from time to time) was successfully renewed on 5 August 2011 and is valid until October 2014.

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CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP

Set out below is the corporate and shareholding structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued pursuant to the exercise of any option that may be granted under the Share Option Scheme):

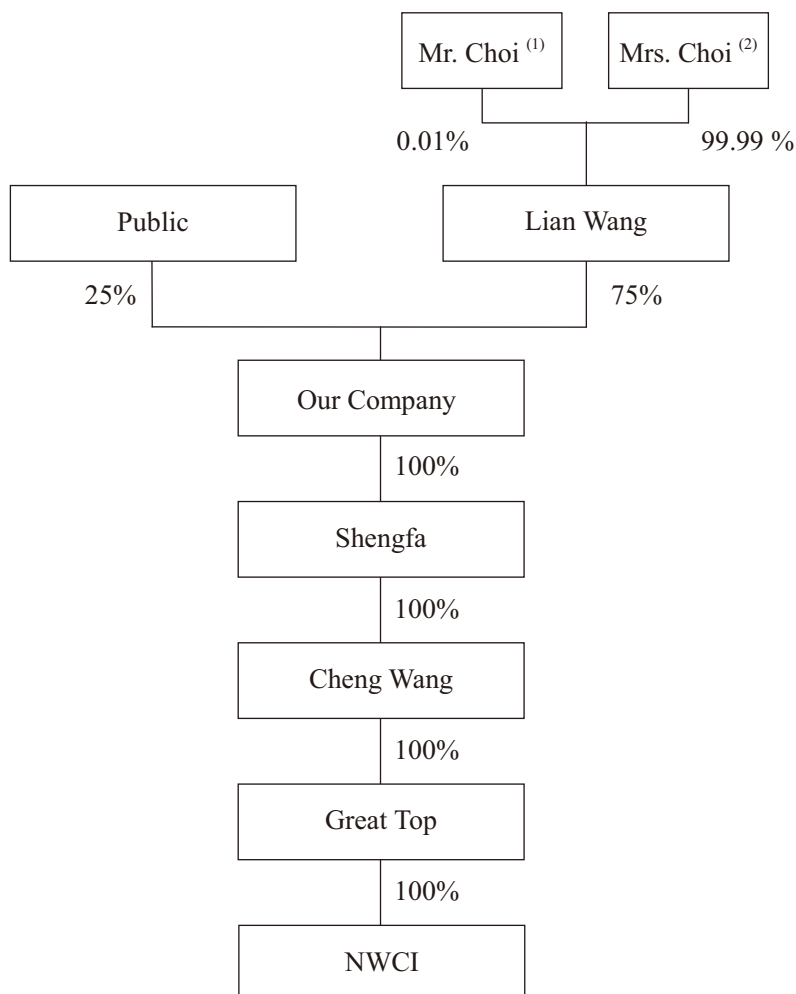


Notes:

1. Mr. Choi is our chairman and executive Director and is regarded as a connected person of our Company. He is also the spouse of Mrs. Choi.
2. Mrs. Choi is the spouse of Mr. Choi. She does not act as a Director. She is regarded as a party acting in concert with Mr. Choi under the Takeovers Code.

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Set out below is the corporate and shareholding structure of our Group immediately after completion of the Reorganisation, the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued pursuant to the exercise of any option that may be granted under the Share Option Scheme):



Notes:

1. Mr. Choi is our chairman and executive Director and is regarded as a connected person of our Company. He is also the spouse of Mrs. Choi.
2. Mrs. Choi is the spouse of Mr. Choi. She does not act as a Director. She is regarded as a party acting in concert with Mr. Choi under the Takeovers Code.