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Australian Stock Exchange Announcement

Friday 21 May 2010

The Manager
Companies Announcements Officer
Australian Securities Exchange Limited
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Electronic Lodgement

Dear Sir/Madam

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CLARIFICATION OF MANAGING DIRECTOR'S ADDRESS TO ANNUAL GENERAL MEETING

In his address to the company's Annual General Meeting which was held on Monday 17 May 2010, Managing Director Mr Zhehao Shen pointed to the positive future for the company.

In particular, Mr Shen explained that as long as market conditions continued to improve, and in functional currency terms for the Chinese entity in 2010 financial year:

- Revenue was expected to grow to RMB 925.2 million (2009: RMB 667.2 million) and
- NPAT was expected to grow to RMB 38-42 million (2009: RMB 12.2RMB).

Mr Shen also emphasized that:

- The company was currently producing at its optimal capacity of 44,000 tonnes following the successful start up of the Phase 3 production facility;
- In future years the company would look to develop Phase 4 with an additional 30,000 tonne capacity;
- The company would also look at M & A opportunities and upstream opportunities with polymerization to take the company into the future.

The company wishes to clarify that on the basis of the capital expenditure for the Phase 3 development, the Phase 4 production facility could well cost in the order of AUD25 million to develop and bring on line.

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However, the company is aware that the global financial position is not totally stable and as a result, any timing for the Phase 4 development is not being considered in the current horizon and would only be considered when world conditions become more stable.

As a consequence, no consideration has been given by Mesbon to the timing, amount, or type of funding that might be needed should a further expansion eventually take place.

On behalf of the board

A handwritten signature in black ink, appearing to read "Graham Seppelt". The signature is written in a cursive, flowing style.

Graham Seppelt
Company Secretary

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