



Lumena

## LUMENA RESOURCES CORP.

旭光資源有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock code : 67





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## CORPORATE INFORMATION

### Board (the “Board”) of directors (the “Directors”)

#### *Executive Directors*

Mr. Zhang Daming  
Ms. Deng Xianxue  
Mr. Li Xudong

#### *Non-Executive Directors*

Mr. Suo Lang Duo Ji (*Chairman*)  
Mr. Zhang Songyi  
Mr. Wang Chun Lin

#### *Independent Non-executive Directors*

Mr. Patrick Logan Keen  
Mr. Koh Tiong Lu John  
Mr. Wong Chun Keung

### Company Secretary

Mr. Zhu Ben Yu

### Members of the Audit Committee

Mr. Patrick Logan Keen (*Chairman*)  
Mr. Koh Tiong Lu John  
Mr. Wong Chun Keung

### Members of the Remuneration Committee

Mr. Wong Chun Keung (*Chairman*)  
Mr. Patrick Logan Keen  
Mr. Suo Lang Duo Ji

### Members of the Nomination Committee

Mr. Koh Tiong Lu John (*Chairman*)  
Mr. Wong Chun Keung  
Mr. Wang Chun Lin

### Compliance Adviser

Guotai Junan Capital Limited

### Legal Advisers

as to Hong Kong law:  
Li & Partners

### Independent Auditor

Grant Thornton

### Principal Bankers

Bank of China (Hong Kong) Limited  
Bank of China Tower,  
1 Garden Road, Hong Kong  
Agricultural Bank of China  
1 Kehua Street, Kehua Bei Road,  
Chengdu PRC  
China Merchants Bank  
91-95 Kehua Bei Road, Chengdu PRC  
Industrial and Commercial Bank of China Limited  
81 Sansu Road,  
Meishan City, PRC

### Hong Kong Share Registrar

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor,  
Hopewell Centre  
183 Queen’s Road East, Wanchai,  
Hong Kong

### Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Limited  
Clifton House, 75 Fort Street,  
P.O. Box 1350, Grand Cayman,  
KY1-1108, Cayman Islands

### Headquarters and Principal Place of Business in Hong Kong

Suite 2801, Shui On Centre,  
6-8 Harbour Road  
Wanchai, Hong Kong

### Website

[www.lumena.hk](http://www.lumena.hk)



## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

China ranks first in the world in terms of the size of glauberite reserves. China's total glauberite reserves (in terms of thenardite volume) are approximately 10.5 billion tonnes, accounting for approximately 88% of the total global reserves, and a majority of which is concentrated in Sichuan and Jiangsu provinces in 2008. China is also the biggest thenardite producer and exporter in the world with an export volume of approximately 2.6 million tonnes in 2008. The primary markets for Chinese thenardite products are Brazil, Indonesia, Korea, Philippines, Vietnam, Japan and other areas in South America and Asia.

In the wake of industrialization and continuous economic expansion, demand for thenardite is expected to increase. The high quality and low prices of Chinese thenardite products and the proximity to high growth Asia markets provide the Chinese thenardite producers with economic advantages in several markets worldwide. Chinese thenardite exports have increased at a compound annual growth rate of 12.2% between 2004 and 2007. Total exports of thenardite are expected to exceed 2.7 million tonnes in 2010.

As the application areas of thenardite continue to expand, the market demand for thenardite is expected to increase. The areas that apply thenardite most recently include the production of cement products, pre-processing of coal for coal-fired power plants and production of fertilizer and other chemical products. Continuous research and development will further expand thenardite application areas, which will in turn drive the market demand for thenardite products and stimulate industry growth.

### Business Review

We are engaged in the mining, processing and manufacturing of natural thenardite products. According to Behre Dolbear & Company (USA) Inc. ("Behre Dolbear"), our independent market research consultant, we are the second largest thenardite producer in the world in terms of production capacity as at 31 December 2008, and believe we have a single line production facility with the largest production capacity. Based on the information provided by Behre Dolbear, as at 31 December 2008, our domestic and international market share of thenardite were approximately 23.2% and 11.3% respectively.

We produce powder thenardite, specialty thenardite and medical thenardite. Our powder thenardite and specialty thenardite are primarily used as active agents in powder detergents to enhance fluidity and the effectiveness of washing and as processing aids in the textile and glass industries. Our medical thenardite is primarily used in Chinese and western medicines as a mild laxative and an anti-inflammatory agent. We focus on the production and sale of medical and specialty thenardite which have higher profit margins than powder thenardite.



We currently operate two captive underground glauberite mines located in the Dahongshan Mining Area and the Guangji Mining Area in Sichuan Province respectively from which we source all of our glauberite ore for the production of thenardite. We have also acquired mining rights in the Muma Mining Area in Sichuan Province. According to John T. Boyd Company (“JT Boyd”), our independent mining and geological consultant, the above three mining areas have a total of approximately 57.2 million tonnes of proved and probable thenardite reserves pursuant to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). China has the largest glauberite reserve in the world, according to Behre Dolbear, and our reserves are higher than the average grade in China, according to JT Boyd. Our production facility in the Dahongshan Mining Area is the only production facility in China with the GMP Certificate and the Pharmaceutical Production Permit for medical thenardite. Thus, Sichuan Chuanmei Mirabilite Co., Ltd. (“Chuanmei Mirabilite”), one of the subsidiaries of the Company, in fact is the only approved and certified medical thenardite producer in China.

## Products

We produce powder thenardite, specialty thenardite and medical thenardite. As a leading thenardite producer in China, Lumena enjoys strong brand and product recognition among downstream industries in China. Our powder thenardite produced and sold under the brand of “Chuanmei” has been recognized as a “Sichuan Famous Brand Product” since 1993 and the registered trademark “Chuanmei” was recognized as a “China Well-known Trademark” by the State Administration for Industry and Commerce in March 2008.

### *Specialty Thenardite*

We design our specialty thenardite products to meet the specifications of our customers for their end products. Our specialty thenardite products include neutral thenardite (with a pH of 6 to 8), granular thenardite, extra fine thenardite, high purity thenardite (purity higher than 99.3%), low chlorine thenardite, low calcium and magnesium thenardite, extra white thenardite, low iron content thenardite, color thenardite and others. Our specialty thenardite products are generally used in the same industries as our powder thenardite. Specialty thenardite products are widely regarded as favorable material compared to powder thenardite products as they can upgrade products and improve product quality.

We began pilot commercial production of specialty thenardite in our production facility located in the Guangji Mining Area in November 2007, we sold approximately 466,200 tonnes of specialty thenardite for the six months ended 30 June 2009 (six months ended 30 June 2008: 458,607 tonnes), and revenues derived from specialty thenardite sales amounted to RMB401.4 million (six months ended 30 June 2008: RMB386.6 million), with 1.7% and 3.8% year-on-year growth respectively.



### *Medical thenardite*

Our medical thenardite product is primarily used in Chinese and western medicines as a mild laxative and an anti-inflammatory agent and is sold under the National Pharmaceutical Batch Code (國藥准字) Z51022578 issued by the State Food and Drug Administration. Its quality is in compliance with the product specifications set out in the 2005 National Pharmaceutical Encyclopedia and is subject to the supervision of the Food and Drug Administration of Sichuan Province. Our medical thenardite is sold under the brand name "Sansu", and our production facilities system has passed the GMP Certification of the state. The term of validity of the Medical GMP Certification of our medical thenardite production facilities located at Dahongshan, Dongpo District of Meishan City has been extended to July 2014 in July 2009.

We sold approximately 50,111 tonnes of medical thenardite for the six months ended 30 June 2009 (six months ended 30 June 2008: 49,174 tonnes), and revenue derived from medical thenardite sales amounted to RMB127.7 million (six months ended 30 June 2008: RMB95.9 million), with 1.9% and 33.2% year-on-year growth respectively.

### *Powder Thenardite*

Our powder thenardite is mainly used in the powder detergents, glass and textile industries. In the powder detergent industry it is used as active agents to enhance fluidity and the effectiveness of washing. In the glass industry it is used as a refining process aid. In the textile industry it is used as a dyeing process aid.

We sold approximately 247,651 tonnes of powder thenardite for the six months ended 30 June 2009 (six months ended 30 June 2008: 232,476 tonnes) with 6.5% year-on-year growth, and our revenue amounted to RMB63.2 million (six months ended 30 June 2008: RMB71.4 million).

## **Financial Review**

### *Income*

For the six months ended 30 June 2009, our revenue increased to approximately RMB592.3 million (six months ended 30 June 2008: RMB553.9 million), representing an increase of approximate 6.9% as compared to the corresponding period last year, of which approximately RMB401.4 million, RMB127.7 million and RMB63.2 million were generated from specialty thenardite, medical thenardite and powder thenardite respectively, which accounted for 67.8%, 21.6% and 10.6% of the aggregate revenue.



The increase in our revenue was attributable to our dedicated production and sales in mirabilite and expansion of our product portfolio to medical thenardite and specialty thenardite in recent years. We have been focusing on the production and sales of these two thenardite products, which brought substantial increase in the sales and revenue thereof.

### *Foreign currency exposure*

During the period under review, the Company and its subsidiaries (collectively, the “Group”) did not use any foreign currency derivative product to hedge its exposure to currency risk. However, the management managed and monitored the exposure to ensure that appropriate measures were implemented on a timely and effective manner.

### *Earnings per share*

For the six months ended 30 June 2009, the earnings per share was RMB16.42 cents (six months ended 30 June 2008: RMB13.86 cents).

### *Interim dividend*

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

### *Future Prospect*

Looking ahead, with the ongoing development in industrialization and a sustainable economy, demand for thenardite is expected to increase. Furthermore, continuous research and development will further expand the application areas of thenardite products, which in turn will drive the market demand for thenardite products, and stimulate industry growth.

We intend to complete the construction of a 0.2 million tonnes per annum (“tpa”) production facility of medical thenardite in the Muma Mining Area by the end of 2009 and a 1.0 million tpa mining and production facility of powder and specialty thenardite in the Muma Mining Area in the third quarter of 2010. The expansion of production capacity will enable us to capitalize on the ever-growing business opportunities, and further strengthen our leading position among thenardite producers in the thenardite market of China.

In addition, we intend to increase our thenardite reserve base by acquiring additional mining rights for high quality glauberite mines. For the time being, we will consider the resources, reserves or mining operations of the target company; the amount, grade, mining costs and sustainability of the target resources or reserves; the finance costs and benefits of the acquisition; potential synergies with the potential target in terms of technology, know-how, management expertise and business compatibility; and the contributions of the acquisition towards the overall sustainability of our business when exploring future acquisition opportunities.



We will continue to invest in our research and development to improve operational efficiency and to lower unit production costs.

The gross profit derived from our specialty thenardite and medical thenardite is much higher than that derived from our powder thenardite. Hence, we will focus our resources in increasing the sales proportion of specialty thenardite and medical thenardite. In addition to our existing products, we intend to develop new products in order to further extend our product portfolio.

For the time being, we are able to commence the commercial production of approximately 10 different types of specialty thenardite products. We believe that the business opportunities for our specialty thenardite products will continue to grow. Furthermore, Chuanmei Mirabilite is the only licensed producer of medical thenardite in China, and we as a leading producer of specialty thenardite, the competition we face in the domestic market for specialty and medical thenardite products will be limited. Leveraging on the above competitive advantages, we are confident about our future prospect. Under the leadership of our experienced management team, we will continue to pursue remarkable results for the Company and seek fruitful return to the investors.

## Liquidity and financial resources

### *Borrowing*

The Group's total borrowings were approximately RMB602.7 million as at 30 June 2009. The Group's bank borrowings represents secured bank loan. Details of interest rate structure of the borrowings are set forth in note 16 to the interim financial statements contained in this interim report.

### *Gearing ratio*

The gearing ratio of the Group was 23.4%. The computation is based on total borrowings of the Group divided by consolidated total assets as at 30 June 2009.





### Charges on Group's assets

Details of charges on Group's assets as at 30 June 2009 are shown in note 14 to the financial statements prepared in accordance with the Hong Kong Financial Reporting Standards.

### Contingent liabilities

As at 30 June 2009, the Group had no contingent liabilities.

### Capital commitment

Details of capital commitment of the Company are shown in note 20 to the financial statements prepared in accordance with the Hong Kong Financial Reporting Standards.

### Use of proceeds

The net proceeds raised from the global offering received by the Company were approximately HK\$654 million (equivalent to RMB577 million).

The utilisation of net proceeds until 30 June 2009 is as follows:

<b>Particular</b>	<b>Planned amount</b> <i>RMB million</i>	<b>Utilised amount</b> <i>RMB million</i>
Partial repayment of our offshore bank loan	375	(375)
Construction of our mining and production facilities in the Muma Mining Area	78	–
Acquisition of additional mining rights	78	–
General working capital	46	(46)
	<b>577</b>	<b>(421)</b>

The remaining net proceeds have been deposited on short-term basis in licensed financial institutions in Hong Kong and the PRC.

### Employees and remuneration policies

As at 30 June 2009, the Group had a total of approximately 1,807 employees (as at 31 December 2008: 1,802 employees). Total staff costs (including Directors' emoluments) for the six months ended 30 June 2009 were approximately RMB31.3 million (six months ended 30 June 2008: RMB27.1 million), representing 15.2% of the Group's total operating expenses including cost of sales, selling and distribution expenses and other operating expenses. Employees were remunerated based on their performance, experience and industry practice. Bonuses are rewarded based on individual staff performance and in accordance with the Group's overall remuneration policies. The Group's management reviewed the remuneration policies and packages on a regular basis.



## OTHER INFORMATION

### Interests and Short Position of Directors in the Shares or Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2009, the interest or short position of the Directors in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which is notified to the Company and the Stock Exchange pursuant to the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or is required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or is required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies are listed as follow:

Name of the Director	Long/short position	Our Company or other members of our Group	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Suo Lang Duo Ji (Note 1)	Long	Company	Interest of a controlled corporation	786,197,400	40.9%
Mr. Suo Lang Duo Ji (Note 2)	Short	Company	Interest of a controlled corporation	55,714,286	2.9%
Mr. Zhang Songyi (Note 3)	Long	Company	Interest of a controlled corporation	39,550,000	2.1%
Mr. Wang Chun Lin (Note 4)	Long	Company	Interest of a controlled corporation	63,011,000	3.3%

Notes:

- (1) The Shares are held by Nice Ace Technology Holdings Limited ("Nice Ace"), a company incorporated in the British Virgin Islands (the "BVI"), the entire issued share capital of which is beneficially owned by Mr. Suo Lang Duo Ji.
- (2) On 11 November 2008, Mr. Suo Lang Duo Ji and Nice Ace entered into a loan agreement with Investec Bank plc, pursuant to which Investec Bank Plc may in its sole discretion, take delivery of the 55,714,286 Shares currently owned by Nice Ace in lieu of cash repayment of the loan if the Company listed within 18 months after the drawdown date. If Investec Bank plc elects to take delivery of the Shares, the percentage holding of Nice Ace will decrease accordingly.



- (3) The Shares are held by Mandra Esop Limited ("Mandra Esop"), a company incorporated in BVI, of which its entire issued share capital is owned by Beansprouts Ltd., a limited liability company incorporated in the BVI and 50% owned by each of Mr. Zhang Songyi and his spouse, Ms. Mui Bing How, respectively.
- (4) The Shares are held by AAA Mining Limited ("AAA Mining"), a company incorporated in BVI, of which its entire issued share capital is owned by Triple A Investment Limited, a limited liability Company incorporated in the BVI and 50% owned by each of Mr. Wang Chun Lin and his spouse, Ms. Chan Hiu Lai, Caroline, respectively.

As at 30 June 2009, the following options have been granted to the following Directors under the Pre-IPO share option scheme adopted by the shareholders resolution of the Company dated 30 April 2008 (the Pre-IPO Share Option Scheme"):

Name of Director	Date of grant	Number of Shares subject to the option	Exercise price
Mr. Zhang Daming	30 April 2008	4,218,000	HK\$2.00
Ms. Deng Xianxue	30 April 2008	3,990,000	HK\$2.00
Mr. Li Xudong	30 April 2008	3,192,000	HK\$2.00

Save as disclosed above, at no time during the period under review was the Company or its associated corporation a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of the Company or its associated corporation.

### Interests of Substantial Shareholders

As at 30 June 2009, so far as is known to any Directors or the chief executive of the Company, the Shareholders, other than the Directors or the chief executive of the Company, who had an interest or short positions in the shares or the underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:



## Interests in our Company

### (i) Long position

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Nice Ace (Note 1)	Beneficial owner	786,197,400	40.9%
Mr. Suo Lang Duo Ji (Note 2)	Interest of a controlled corporation	786,197,400	40.9%
Mandra Mirabilite (Note 3)	Beneficial owner	252,350,000	13.1%
Woo Foong Hong (Note 4)	Interest of a controlled corporation	252,350,000	13.1%
Moonchu (Note 5)	Interest of a controlled corporation	252,350,000	13.1%

*Notes:*

- (1) Nice Ace, a limited liability company incorporated in the BVI, is wholly owned by Mr. Suo Lang Duo Ji.
- (2) Mr. Suo Lang Duo Ji is deemed to have an interest in the 730,483,114 Shares held by Nice Ace under the provisions of the SFO.
- (3) Mandra Mirabilite Limited (“Mandra Mirabilite”), a limited liability company incorporated in the BVI, is wholly owned by Woo Foong Hong Limited (“Woo Foong Hong”).
- (4) Woo Foong Hong, a limited liability company incorporated in the BVI, is wholly owned by Moonchu Foundation for Culture & Education Limited (“Moonchu”) and is deemed to have an interest in the 252,350,000 Shares held by Mandra Mirabilite under the provisions of the SFO.
- (5) Moonchu, a tax-exempt charity established by Mr. Zhang Songyi and his family, holds the entire share capital of Woo Foong Hong which in turn held the entire issued share capital of Mandra Mirabilite. Moonchu is deemed to have an interest in the 252,350,000 Shares held by Mandra Mirabilite under the provisions of the SFO.



(ii) **Short position**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Nice Ace	Beneficial owner	55,714,286	2.9%
Mr. Suo Lang Duo Ji	Interest of a controlled corporation	55,714,286	2.9%

*Notes:*

On 11 November 2008, Mr. Suo Lang Duo Ji and Nice Ace entered into a loan agreement with Investec Bank plc, pursuant to which Investec Bank plc may in its sole discretion, take delivery of the 55,714,286 Shares currently owned by Nice Ace in lieu of cash repayment of the loan if the Company listed within 18 months after the drawdown date. If Investec Bank plc elects to take delivery of the Shares, the percentage holding of Nice Ace will decrease accordingly.

*Interests in Sichuan Chuanmei Mirabilite Co., Ltd.*

<b>Name</b>	<b>Nature of interest</b>	<b>Approximate percentage of shareholding</b>
Sichuan First Silk Printing and Dyeing Co., Ltd.	Beneficial owner	10%

Save as disclosed above, our Directors confirm that they are not aware of any persons who will be interested or deemed to be interested under Part XV of the SFO in 10% or more of the Shares then in issue, or who have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**Purchase, Sale or Redemption of Listed Securities of the Company**

For the six months ended 30 June 2009, neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities.



## Share Option Schemes

The Company has adopted a Pre-IPO Share Option Scheme and a share option scheme.

Upon the listing of the Company on 16 June 2009 (the "Listing Date"), the Pre-IPO Share Option Scheme was terminated but the options granted but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the terms of Pre-IPO Share Option Scheme.

A share option scheme was adopted by written resolutions of all the shareholders of the Company passed on 26 May 2009 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group. The period within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date the offer has been made to the grantee. As at 30 June 2009, no share options under the Share Option Scheme had been granted, cancelled or lapsed.

As at 30 June 2009, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:—

Name and title of grantee of the share options	Date of Grant	Exercise price per share (HK\$)	Exercise date (dd/mm/yy) (Note 1) (Note 2)	Number of shares to be issued upon full exercise of options	% of total issued share capital
<b>(i) Director</b>					
Mr. Zhang Daming	30 April 2008	2	08/07/09 - 16/06/16	4,218,000	0.22%
Ms. Deng Xianxue	30 April 2008	2	08/07/09 - 16/06/16	3,990,000	0.21%
Mr. Li Xudong	30 April 2008	2	08/07/09 - 16/06/16	3,192,000	0.16%
<b>(ii) Employees</b>	30 April 2008	2	08/07/09 - 16/06/16	64,600,000	3.36%
<b>Total</b>				<b>76,000,000</b>	



Note:

- (1) For grantees of the share options who have joined the Company for at least one calendar year as of the Listing Date

**Exercise Period**

Any time from the 15th business day after the Listing Date until the 1st anniversary of the Listing Date

Any time after the 1st anniversary of the Listing Date until the 2nd anniversary of the Listing Date

Any time after the 2nd anniversary of the Listing Date until the 3rd anniversary of the Listing Date

Any time after the 3rd anniversary of the Listing Date until expiry of the validity period of the relevant options

**Maximum number of options exercisable**

1st phase options, being up to half of the total number of options granted

2nd phase options, being up to two-thirds of the total number of options granted less the number of options already exercised

3rd phase options, being up to five-sixths of the total number of options granted less the number of options already exercised

4th phase options, being such number of options granted less the number of options already exercised

- (2) For grantees of the share options who have joined the Company for less than one calendar year as of the Listing Date

**Exercise Period**

Any time after the 1st anniversary of the Listing Date until the 2nd anniversary of the Listing Date

Any time after the 2nd anniversary of the Listing Date until the 3rd anniversary of the Listing Date

Any time after the 3rd anniversary of the Listing Date until the 4th anniversary of the Listing Date

Any time after the 4th anniversary of the Listing Date until expiry of the validity period of the relevant options

**Maximum number of options exercisable**

1st phase options, being up to half of the total number of options granted

2nd phase options, being up to two-thirds of the total number of options granted less the number of options already exercised

3rd phase options, being up to five-sixths of the total number of options granted less the number of options already exercised

4th phase options, being such number of options granted less the number of options already exercised

The expiry date of the exercise period of any such options shall be set out more particularly in the relevant option offer letter provided that such exercise period must expire on the date falling on the 7th anniversary of the Listing Date.

In addition, on 28 July 2009, according to the Share Option Scheme, the Company has granted 103,200,000 share options to certain Directors and employees at an exercise price with carrying value of HK\$3.59 per share, consideration of per grant was HK\$1. The share options granted pursuant to the Share Option Scheme will be exercisable during three respective periods commencing from 2



October 2009, 1 January 2010 and 1 January 2011 and expiring on 31 December 2009, 31 December 2010 and 31 December 2011 respectively. Particulars of share options granted was set forth in the announcement of the Company dated 28 July 2009.

## Compliance With the Code on Corporate Governance Practices

During the six months ended 30 June 2009, the Board is of the view that the Company has complied with all the code provisions stipulated in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. No Director is aware of any information that reasonably reveals that there is any non-compliance with the code provisions in the Code by the Company during any time of the period under review.

## Model Code for Securities Transactions by Directors

The Company has adopted the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code for Directors' securities transactions. Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

## Audit Committee

The Company has established an audit committee (the "Audit Committee") with written term of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code. The primary duties of the Audit Committee are to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities assigned by the Board.

The Audit Committee, comprising three members namely, Mr. Patrick Logan Keen (the Chairman of the Committee and independent non-executive Director), Mr. Koh Tiong Lu John (independent non-executive Director) and Mr. Wong Chun Keung (independent non-executive Director), has reviewed the accounting principles and practices adopted by the Group. It has also discussed and reviewed the internal controls and financial reporting matters, including the review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2009, with the management of the Company. The Audit Committee is of the opinion that the interim report has complied with applicable accounting standards, the Listing Rules and the legal requirements and that adequate disclosures have been made.

By order of the Board

**Suo Lang Duo Ji**  
*Chairman*

Hong Kong, 18 August 2009





Member of Grant Thornton International Ltd

**To the Board of Directors of Lumena Resources Corp.** 旭光資源有限公司  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial statements set out on pages 17 to 38 which comprises the condensed consolidated interim statement of financial position of Lumena Resources Corp. as of 30 June 2009 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report of interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

### **Grant Thornton**

*Certified Public Accountants*  
6th Floor, Nexus Building  
41 Connaught Road Central  
Hong Kong

18 September 2009



## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
<b>Revenue</b>	5	<b>592,346</b>	553,927
Cost of sales		<b>(163,575)</b>	(165,387)
<b>Gross profit</b>		<b>428,771</b>	388,540
Other revenue and gains	6	<b>1,788</b>	1,376
Selling and distribution expenses		<b>(3,596)</b>	(5,365)
Other operating expenses		<b>(38,470)</b>	(40,193)
Finance costs	7	<b>(35,587)</b>	(45,428)
<b>Profit before income tax</b>	8	<b>352,906</b>	298,930
Income tax expense	9	<b>(89,477)</b>	(82,700)
<b>Profit for the period</b>		<b>263,429</b>	216,230
Profit for the period attributable to:			
Owners of the Company		<b>254,711</b>	210,630
Non-controlling interests		<b>8,718</b>	5,600
		<b>263,429</b>	216,230
		<b>RMB cents</b>	RMB cents
<b>Earnings per share for profit attributable to owners of the Company during the period</b>	10		
– Basic		<b>16.42</b>	13.86
– Diluted		<b>16.36</b>	N/A

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
<b>Profit for the period</b>	<b>263,429</b>	216,230
<b>Other comprehensive (loss)/income</b>		
Exchange (loss)/gain on translation of financial statements of foreign operations	<b>(1,223)</b>	42,419
Other comprehensive (loss)/income for the period, net of tax	<b>(1,223)</b>	42,419
<b>Total comprehensive income for the period, net of tax</b>	<b>262,206</b>	258,649
Total comprehensive income attributable to:		
Owners of the Company	<b>253,488</b>	253,049
Non-controlling interests	<b>8,718</b>	5,600
	<b>262,206</b>	258,649



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	863,932	806,214
Land use rights		57,058	57,709
Goodwill	12	8,386	8,386
Mining rights		398,006	404,470
Other intangible asset		17,588	17,588
Deposits paid for acquisition of property, plant and equipment		471,482	309,741
		<b>1,816,452</b>	1,604,108
<b>Current assets</b>			
Inventories		7,984	8,270
Trade and other receivables, deposits and prepayments	13	403,577	258,298
Pledged bank deposits	14	102,510	32,394
Cash and cash equivalents		250,729	827
		<b>764,800</b>	299,789
<b>Current liabilities</b>			
Trade and other payables	15	268,201	360,795
Borrowings	16	429,082	258,947
Tax payable		21,386	34,995
		<b>718,669</b>	654,737
<b>Net current assets/(liabilities)</b>		<b>46,131</b>	(354,948)
<b>Total assets less current liabilities</b>		<b>1,862,583</b>	1,249,160
<b>Non-current liabilities</b>			
Borrowings	16	173,648	423,618
<b>Net assets</b>		<b>1,688,935</b>	825,542



	<i>Notes</i>	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
<b>EQUITY</b>			
Share capital	17	<b>141</b>	113
Reserves		<b>1,639,834</b>	785,187
Equity attributable to owners of the Company		<b>1,639,975</b>	785,300
Non-controlling interests		<b>48,960</b>	40,242
<b>Total equity</b>		<b>1,688,935</b>	825,542



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Pre-IPO share option reserve RMB'000	Capital contribution RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>At 1 January 2008</b>	77	27,872	-	103,539	30,150	26,804	112,527	300,969	27,901	328,870
Issue of new shares upon capitalisation issue	36	(36)	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	6,748	-	-	-	-	6,748	-	6,748
Transactions with owners	36	(36)	6,748	-	-	-	-	6,748	-	6,748
<b>Profit for the period</b>	-	-	-	-	-	-	210,630	210,630	5,600	216,230
<b>Other comprehensive income</b>										
- Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	42,419	-	42,419	-	42,419
Total comprehensive income for the period	-	-	-	-	-	42,419	210,630	253,049	5,600	258,649
<b>At 30 June 2008 (unaudited)</b>	<b>113</b>	<b>27,836</b>	<b>6,748</b>	<b>103,539</b>	<b>30,150</b>	<b>69,223</b>	<b>323,157</b>	<b>560,766</b>	<b>33,501</b>	<b>594,267</b>
<b>At 1 January 2009</b>	<b>113</b>	<b>27,836</b>	<b>13,800</b>	<b>103,539</b>	<b>118,459</b>	<b>67,596</b>	<b>453,957</b>	<b>785,300</b>	<b>40,242</b>	<b>825,542</b>
Issue of new shares arising from listing	28	712,628	-	-	-	-	-	712,656	-	712,656
Expenses of share issues	-	(121,572)	-	-	-	-	-	(121,572)	-	(121,572)
Recognition of share-based payments	-	-	10,103	-	-	-	-	10,103	-	10,103
Transactions with owners	28	591,056	10,103	-	-	-	-	601,187	-	601,187
<b>Profit for the period</b>	-	-	-	-	-	-	254,711	254,711	8,718	263,429
<b>Other comprehensive loss</b>										
- Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(1,223)	-	(1,223)	-	(1,223)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(1,223)	254,711	253,488	8,718	262,206
<b>At 30 June 2009 (unaudited)</b>	<b>141</b>	<b>618,892</b>	<b>23,903</b>	<b>103,539</b>	<b>118,459</b>	<b>66,373</b>	<b>708,668</b>	<b>1,639,975</b>	<b>48,960</b>	<b>1,688,935</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
<b>Net cash generated from operating activities</b>	<b>82,607</b>	497,864
<b>Net cash used in investing activities</b>	<b>(308,367)</b>	(536,500)
<b>Net cash generated from/(used in) financing activities</b>	<b>475,662</b>	(28,528)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>249,902</b>	(67,164)
<b>Cash and cash equivalents at beginning of the period</b>	<b>827</b>	71,057
Effect of foreign exchange rate changes on cash and cash equivalents	–	16
<b>Cash and cash equivalents at the end of the period</b>	<b>250,729</b>	3,909



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2009*

## 1. General Information

Lumena Resources Corp. (the “Company”) was incorporated in the Cayman Islands on 12 April 2007 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of the Company’s registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is situated at Suite 2801, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 June 2009.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in processing and sale of powder thenardite, specialty thenardite and medical thenardite.

## 2. Basis of Preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim financial reporting, issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2008, except for the adoption of the new and revised International Financial Reporting Standards (“IFRSs”) (which collective term includes all applicable individual International Financial Reporting Standards and Interpretations as approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB).

The Interim Financial Statements are unaudited, but have been reviewed by Grant Thornton in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements included in the accountants’ report in the Company’s prospectus dated 4 June 2009.





### 3. Adoption of New or Amended IFRSs

In the current period, the Group has applied for the first time the following new and revised IFRSs issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2009.

- IAS 1 (Revised 2007) Presentation of financial statements
- IAS 27 (Amendment) Cost of an investment in a subsidiary, jointly controlled entity or an associate
- IFRS 2 (Amendment) Share-based payment – vesting conditions and cancellations
- IFRS 8 Operating segments

Other than as noted below, the adoption of these new and revised IFRSs has had no material effect on the Interim Financial Statements.

#### **IAS 1 (Revised 2007) Presentation of financial statements**

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example translation of financial statements of foreign operations. IAS 1 also affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". It has had no impact on the reported results or financial position of the Group. Comparatives have been restated to conform with the revised standard.

#### **IAS 27 Amendments – Cost of an investment in a subsidiary**

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions is out of the investee's pre-acquisition or post-acquisition reserves.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

For the current interim period, the Company did not receive any dividends from its subsidiaries. The new accounting policy has been applied prospectively as required by the amendments to IAS 27, and therefore no comparatives have been restated.

#### **IFRS 2 (Amendment) Share-based payment – vesting conditions and cancellations**

This standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

#### **IFRS 8 Operating segments**

The adoption of IFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been provided on a basis consistent with the revised segment information.



#### 4. Segment Information

On adoption of IFRS 8 Operating segments, the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in the internal reporting to the executive directors, which is the processing and sale of powder thenardite, speciality thenardite and medical thenardite.

The directors consider the adoption of IFRS 8 has not changed the identified operating segment for the Group compared to 2008 annual financial statements.

Under IFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its IFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (expenses relating to share-based payments, income tax and corporate income and expenses).

Segment assets include all assets with the exception of corporate assets which are not directly attributable to the business activities of operating segment as these assets are managed on a group basis.

The revenue and profit generated by the Group's operating segment are summarised as follows:

	<b>Six months ended 30 June</b>	
	<b>2009 (Unaudited) RMB'000</b>	2008 (Unaudited) RMB'000
Reportable segment revenue ( <i>note</i> )	<b>592,346</b>	553,927
Reportable segment profit	<b>382,090</b>	318,766

*Note:* All of the segment revenue reported above is from external customers..

The following table presents segment assets of the Group's operating segment:

	<b>30 June 2009 (Unaudited) RMB'000</b>	30 June 2008 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Reportable segment assets	<b>2,253,708</b>	1,652,036	1,861,130

#### 4. Segment Information (Continued)

The Group's reportable segment profit can be reconciled to the profit before income tax as presented in the Interim Financial Statements as follows:

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Reportable segment profit	382,090	318,766
Share-based payment expense	(10,103)	(6,748)
Depreciation and amortisation	(475)	(472)
Corporate income	276	756
Corporate expenses	(18,882)	(13,372)
Profit before income tax	352,906	298,930

#### 5. Revenue

Revenue, which is also the Group's turnover, represents the net amounts received and receivable for goods sold, less value-added tax and returns, during the period.

#### 6. Other Revenue and Gains

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Bank interest income	276	816
Government subsidy	1,000	100
Net foreign exchange gain	74	–
Others	438	460
	1,788	1,376



## 7. Finance Costs

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Interest on borrowings	35,587	60,339
Less: Borrowing costs capitalised and included in the cost of qualifying assets	–	(14,911)
	<b>35,587</b>	45,428

## 8. Profit Before Income Tax

The Group's operating profit is arrived at after charging the following items:

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Amortisation of land use rights <i>(note)</i>	651	599
Amortisation of mining rights <i>(note)</i>	6,524	59
Depreciation	20,531	18,869
Write-off of property, plant and equipment	430	–
Net foreign exchange loss	–	21
Staff costs	<b>31,284</b>	27,106

*Note:*

Amounts have been included in other operating expenses on the face of condensed consolidated interim income statement.

## 9. Income Tax Expense

	Six months ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Current tax		
– Provision for PRC income tax	<b>89,477</b>	82,700

### Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdiction of Cayman Islands and BVI during the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).
- (ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising from or derived in Hong Kong during the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).
- (iii) Sichuan Chuanmei Mirabilite Co., Ltd. ("Chuanmei Mirabilite"), one of the subsidiaries of the Company, was approved as a foreign invested enterprise in 2005. Pursuant to an approval document on certain tax preferential policies titled "Guo Shui You Pi (2005) No. 019" issued by the Bureau of State Tax of Dongpo District, Meishan City, Sichuan Province (四川省眉山市東坡區國家稅務局國稅優批(2005)019號), Chuanmei Mirabilite is entitled for exemption of the PRC enterprise income tax ("EIT") for two years starting from the first year of profitable operations after offsetting prior year tax losses, followed by a three-year 50% tax deduction. The year ended 31 December 2005 was Chuanmei Mirabilite's first profit-making year and was the first year of its tax holiday.
- (iv) On 16 March 2007, the National People's Congress approved the Enterprise Income Tax Law of the PRC ("new EIT Law"), which became effective on 1 January 2008. According to the new EIT Law, the income tax rate applicable to the Group's PRC subsidiaries is unified at 25%. Pursuant to the grandfathering arrangement under the new tax law, the Group's subsidiaries will continue to enjoy the existing preferential tax treatment until the end of above mentioned tax holidays. Thereafter, the normal tax rate applicable to the Group's PRC subsidiaries is unified at 25%. For the six months ended 30 June 2009, Chuanmei Mirabilite is subject to EIT tax rate of 12.5% (six months ended 30 June 2008: 12.5%).
- (v) Sichuan Chuanmei Special Glauber Salt Co., Ltd. ("Chuanmei Glauber Salt"), another subsidiary of the Company, is subject to EIT tax rate of 25% (six months ended 30 June 2008: 25%).



## 10. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB254,711,000 (six months ended 30 June 2008: RMB210,630,000) and the weighted average number of ordinary shares of 1,551,248,619 (six months ended 30 June 2008: the number of ordinary shares of 1,520,000,000, which have been determined after taking into consideration of the share sub-division, and 520,000,000 shares issued pursuant to the capitalisation issue of the Company on 25 April 2008) in issue during the period, which has reflected the shares issued to the public by way of global offering.

The calculation of diluted earnings per share for the six months ended 30 June 2009 is based on the profit attributable to owners of the Company of RMB254,711,000 and the weighted average number of ordinary shares of 1,557,183,677 outstanding during the period, after adjusting for the effects of all dilutive potential ordinary shares.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average number of ordinary shares of 1,551,248,619 in issue during the period as used in the calculation of basic earnings per share plus the number of ordinary shares of 5,935,058 deemed to be issued at no consideration as if all the Company's share options had been exercised.

No diluted earnings per share for the six months ended 30 June 2008 is presented as its inclusion, for the purpose of this report is not considered meaningful.

## 11. Property, Plant and Equipment

During the six months ended 30 June 2009, the Group incurred capital expenditure of approximately RMB78,420,000 (six months ended 30 June 2008: RMB43,895,000) in construction in progress, approximately RMB43,000 (six months ended 30 June 2008: RMB128,000) in motor vehicle, approximately RMB670,000 (six months ended 30 June 2008: RMB8,353,000) in machinery and equipment and approximately RMB181,973,000 (six months ended 30 June 2008: RMB13,556,000) in buildings and mining structures, of which approximately RMB181,698,000 (six months ended 30 June 2008: RMB13,441,000) was transferred from construction in progress upon completion.

## 12. Goodwill

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Acquisition of Chuanmei Mirabilite	<b>8,386</b>	8,386
Net carrying amount	<b>8,386</b>	8,386

Note:

The goodwill as at the date of statement of financial position arose from acquisition of Chuanmei Mirabilite in 2004. It is the excess of the cost of acquisition over the fair value of the Group's interest in Chuanmei Mirabilite's net identifiable assets at the date of acquisition.

### 13. Trade and Other Receivables, Deposits and Prepayments

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Trade receivables (note)	<b>249,671</b>	128,332
Other receivables	<b>77,192</b>	63,565
Bills receivables	<b>408</b>	80
Deposits and prepayments	<b>76,306</b>	65,784
Amounts due from related parties	–	537
	<b>403,577</b>	258,298

Note:

The ageing analysis of trade receivables, based on the invoice dates, is as follows:

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Outstanding balances with ages:		
– 90 days or below	<b>239,295</b>	115,465
– 91 – 180 days	<b>3,976</b>	8,675
– 181 – 365 days	<b>6,229</b>	3,789
– Over 365 days	<b>171</b>	403
	<b>249,671</b>	128,332

At each of the date of statement of financial position, the Group's trade receivables are individually determined to be impaired. The individually impaired receivables, if any, are recognised based on the credit history of customers, such as financial difficulties and default in payments, and current market conditions.

The Group normally granted credit terms to the trade customers ranged from 40 days to 90 days depending on the customers' relationship with the Group, its creditworthiness and settlement record.



#### 14. Pledge of Assets

The Group had pledged certain buildings, machinery and equipment and other assets to secure the credit facilities granted by certain banks to the Group. The carrying values of these assets pledged at the date of statement of financial position are as follows:

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Buildings and mining structures	<b>75,692</b>	71,795
Machinery and equipment	<b>300,043</b>	30,110
Land use rights	<b>23,484</b>	23,789
Mining right	<b>49,683</b>	–
Bank deposits	<b>102,510</b>	32,394
	<b>551,412</b>	158,088

#### 15. Trade and Other Payables

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Trade payables ( <i>note</i> )	<b>64,047</b>	45,543
Other payables	<b>185,060</b>	172,202
Receipt in advance	<b>19,094</b>	29,840
Amount due to a director	–	112,359
Amount due to a related party	–	815
Amounts due to shareholders	–	36
	<b>268,201</b>	360,795



## 15. Trade and Other Payables (Continued)

Note:

The ageing analysis of trade payables, based on the invoice dates, is as follows:

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Outstanding balances with ages:		
– 90 days or below	<b>42,911</b>	26,638
– 91 – 180 days	<b>7,867</b>	5,064
– 181 – 365 days	<b>7,476</b>	2,921
– Over 365 days	<b>5,793</b>	10,920
	<b>64,047</b>	45,543

## 16. Borrowings

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Secured – bank loans	<b>477,082</b>	682,565
Unsecured – other borrowing	<b>125,648</b>	–
	<b>602,730</b>	682,565



## 16. Borrowings (Continued)

The maturity profile of the above borrowings is as follows:

	Bank loans		Other borrowing	
	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
<b>Current</b>				
– Due within one year	429,082	258,947	–	–
<b>Non-current</b>				
– More than one year, but within two years	48,000	169,447	–	–
– More than two years, but within five years	–	254,171	125,648	–
	48,000	423,618	125,648	–
	477,082	682,565	125,648	–

The carrying amounts of borrowings by currencies are as follows:

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
– RMB	167,500	89,500
– US Dollar (“US\$”)	309,582	593,065
– Hong Kong Dollar (“HK\$”)	125,648	–
	602,730	682,565

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
At beginning of the period	682,565	643,649
New loans raised	209,848	19,500
Repayment of bank loans	(289,683)	(2,600)
Exchange difference	–	(39,293)
At the end of the period	602,730	621,256

## 16. Borrowings (Continued)

Notes:

- (i) As at 30 June 2009, the RMB bank loans were arranged at fixed interest rates of 5.09% to 7.47% (at 31 December 2008: 5.58% to 7.47%) per annum.
- (ii) The secured short-term RMB bank loans are collateralised by pledging of certain buildings, machinery and equipment and other assets of the Group as set out in note 14.
- (iii) The US\$ bank loan was arranged at fixed interest rate of 13.5% per annum as at 30 June 2009 (at 31 December 2008: at floating rate of approximately 6%).
- (iv) The new unsecured HK\$ loan was arranged at fixed interest rate of 10% per annum as at 30 June 2009.

## 17. Share Capital

	Par value US\$	Number of ordinary shares	Nominal value US\$    RMB'000	
<b>Authorised:</b>				
At 1 January 2008, 31 December 2008, 1 January 2009 and 30 June 2009	0.00001	5,000,000,000	50,000	385
<b>Issued and fully paid:</b>				
At 1 January 2008	0.1	100,000	10,000	77
Subdivision of shares		999,900,000	–	–
Issue of new shares	0.00001	520,000,000	5,200	36
At 30 June 2008 and 31 December 2008	0.00001	1,520,000,000	15,200	113
Issue of new shares in connection with the listing (note)	0.00001	404,000,000	4,040	28
At 30 June 2009	0.00001	1,924,000,000	19,240	141

Note:

On 16 June 2009, 404,000,000 new shares of US\$0.00001 each of the Company were issued to the public by global offering at HK\$2.00 (equivalent to RMB1.76) each. The gross proceeds received from the issue of 404,000,000 new shares amount to approximately HK\$808,000,000 (equivalent to RMB712,656,000). Part of the proceeds amounting to approximately RMB28,000 was recorded as share capital, and the remaining proceeds of approximately RMB712,628,000 was recorded in the share premium accounts. The shares of the Company were listed on the Stock Exchange on 16 June 2009.



## 18. Share-based Employee Compensation

### Pre-IPO share option scheme

Pursuant to a written resolution approved by the Company's shareholders on 30 April 2008, the pre-IPO share option scheme of the Company ("Pre-IPO Share Option Scheme") became effective. Certain executive directors, senior managerial staff and employees of the Group were granted options to recognise their contribution to the Group. Under the Pre-IPO Share Option Scheme, 198 individuals (the "Grantees") comprised of 3 directors, 7 senior managerial staff and 188 employees of the Group, were granted options conditionally. The exercise of the options would entitle the Grantees to purchase aggregate of 76,000,000 shares of the Company immediately following completion of the global offering and the capitalisation issue at the offer price. The options are vested on 16 June 2009, the date on which the shares of the Company were listed on the Stock Exchange (the "Listing Date"), and the Grantees remain in employment for a certain period of time. The options are exercisable by instalments and up to 7 years since the Listing Date.

The Group will receive HK\$1 for each grant under the Pre-IPO Share Option Scheme.

No option was exercised by the Grantees and no option was cancelled or lapsed during the current period (six months ended 30 June 2008: Nil).

Equity-settled share-based payment of RMB10,103,000 was recognised in the condensed consolidated interim income statement for the six months ended 30 June 2009 (six months ended 30 June 2008: RMB6,748,000).

### Share option scheme

Pursuant to the resolution in writing of shareholders of the Company on 26 May 2009, the Company has adopted a new share option scheme (the "Share Option Scheme") for a period of 10 years commencing on the Listing Date. Since 26 May 2009, the board of directors of the Company may, at its discretion, grant share options to all directors, any employees, any consultants or advisers of the Company or the Group, as an incentive to them for their continuing contribution to the companies they worked for at a consideration of HK\$1 on acceptance of the option offer. The subscription of shares in the Company is subject to the terms and conditions as stipulated in the Share Option Scheme. No share options were granted during the six months ended 30 June 2009 since adoption. Details of the Share Option Scheme are set out in the section headed "Statutory and General Information – Share Option Scheme" of Appendix VII to the Company's prospectus dated 4 June 2009.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, together with all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme, must not exceed 30% of the number of the issued shares from time to time. At the date of issue of this Interim Financial Statements, the total maximum number of options available for further issue under the Share Option Scheme amounted to 89,200,000 which represented 4.64% of the issued share capital of the Company (excluding any shares issued pursuant to the Share Option Scheme) on the same date.

## 19. Operating Lease Commitments

The Group leases its office premises under operating lease arrangements. At the date of statement of financial position, the Group had committed to make the following future minimum lease payments in respect of non-cancellable operating leases falling due as follows:

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Within one year	<b>3,600</b>	2,358
In the second to fifth years	<b>2,001</b>	2,304
	<b>5,601</b>	4,662

## 20. Capital Commitments

At the date of statement of financial position, the Group had the following capital commitments:

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Contracted, but not provided for:		
– additions to property, plant and equipment	<b>245,569</b>	304,817
– acquisition of land use right	<b>4,786</b>	4,786
	<b>250,355</b>	309,603

## 21. Contingent Assets and Liabilities

The Group did not have significant contingent assets and liabilities as at 30 June 2009 (at 31 December 2008: Nil).

## 22. Events After the Statement of Financial Position Date

Save as disclosed elsewhere in this Interim Financial Statements, the following significant events have been taken place after the statement of financial position date:

- (a) On 28 July 2009, the Company granted 103,200,000 share options to certain directors and employees at a consideration of HK\$1 for each grant and at an exercise price of HK\$3.59 per share, under the share option scheme of the Company adopted on 26 May 2009. The options will be exercisable during the period from 2 October 2009 to 31 December 2011 in three batches. Details of the share options granted are set out in the Company's announcement dated 28 July 2009. The issue of these share options has had no effect on the Interim Financial Statements. However, the share option expenses will be recognised for the year ended 31 December 2009. The directors are currently assessing the impact but consider that the amount of the expenses cannot be reasonably estimated at this stage.



## 22. Events After the Statement of Financial Position Date *(Continued)*

- (b) On 4 August 2009, the Group entered into a loan facility of US\$120 million with BOCI Leveraged & Structured Finance Limited (“BOCI”) acting as facility agent, security agent and original lender. The principal terms agreed by BOCI and the Group for the loan facility are set out as follows:
- Maximum loan amount: US\$120 million (equivalent to approximately RMB825.6 million)
  - Maturity: one year from the first drawdown date, with repayment by four instalments from the ninth to the twelfth month since the first drawdown date
  - Interest on the loan facility shall be payable on the last day of each applicable interest period at the following interest rates:
    - (i) 10% per annum, within the period from first drawdown date to the date falling six months after the first drawdown date; and
    - (ii) at any time thereafter, LIBOR plus 9% per annum.
  - Security:
    - (i) Secured by all bank accounts of the Company, Rich Light International Limited (“Rich Light”, the subsidiary of the Company) and Top Promise Resources Limited (“Top Promise”, the subsidiary of the Company) as at the date of the loan facility;
    - (ii) Secured by the shares of Rich Light and Top Promise;
    - (iii) Secured by the equity interests in Chuanmei Mirabilite and Chuanmei Glauber Salt; and
    - (iv) On 4 August 2009, the Company, Rich Light and Top Promise entered into a subordination and assignment deed for the indebtedness now owing or will become owing by any member of the Group to these companies.
- (c) On 7 August 2009, the Group has fully utilised the loan facility of US\$120 million (equivalent to approximately RMB825.6 million) from BOCI of which approximately US\$45.9 million (equivalent to approximately RMB315.7 million) was used for repayment to the remaining balance of US\$ bank loan as mentioned in note 16 above on the same date.



- (d) On 19 August 2009, Top Promise, an indirect wholly-owned subsidiary of the Company and the 90% equity holder of Chuanmei Mirabilite entered into an equity transfer agreement with Sichuan First Silk Printing & Dyeing Co., Ltd. ("Sichuan First Silk"), 10% equity holder of Chuanmei Mirabilite. Pursuant to the equity transfer agreement, Top Promise has agreed to acquire 10% equity interest in Chuanmei Mirabilite from Sichuan First Silk at a consideration of RMB264 million (equivalent to approximately HK\$300 million). The board of directors considers that the terms of the equity transfer agreement, which were reached based on arm's length negotiations, to be on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole. Following the completion of the acquisition, Chuanmei Mirabilite will become an indirect wholly-owned subsidiary of the Company. Details of the transaction were set out in the announcement of the Company dated 19 August 2009.

### **23. Approval of the Interim Financial Statements**

This Interim Financial Statements was approved and authorised for issue by the board of directors on 18 September 2009.