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## SUMMARY

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” of this prospectus. You should read the section carefully before you decide to invest in the Offer Shares.

### Overview

We are engaged in the mining, processing and manufacturing of natural thenardite products. According to the information provided by Behre Dolbear, an independent market research consultant and an Independent Third Party, we believe we have the largest single line thenardite production facility in terms of production capacity as of December 31, 2008. We are also the second largest thenardite producer in the world in terms of production capacity as of December 31, 2008, according to Behre Dolbear. Over 60% of our production capacity is dedicated to the production of specialty thenardite. As at the Latest Practicable Date, our production facility in the Dahongshan Mining Area was the only production facility in China with the GMP Certificate and the Pharmaceutical Production Permit for medical thenardite, effectively making us the only approved and certified medical thenardite producer in China. Based on the information provided by Behre Dolbear, as at December 31, 2008, we had a domestic thenardite market share of approximately 23.2% and a global thenardite market share of approximately 11.3%.

Thenardite is an important raw material used to manufacture chemical and light industrial products. We produce powder thenardite, specialty thenardite and medical thenardite. Our powder thenardite and specialty thenardite are primarily used as inert fillers in powder detergents 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 are focused on the production and sale of medical and specialty thenardite as they are higher-margin products. The average selling prices of our domestic and export powder thenardite have been subject to fluctuation during the Track Record Period.

We currently operate two captive underground glauberite mines located in the Dahongshan Mining Area and the Guangji Mining Area in Sichuan Province 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 JT Boyd, an independent mining and geological consultant and an Independent Third Party, there is a total of approximately 57.2 million tonnes of proved and probable thenardite reserves pursuant to the JORC Code located in these three mining areas. 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 and Behre Dolbear.

We extract our glauberite ore using the “room solution” mining technique to produce mirabilite solution from our underground mines. The mirabilite solution is then pumped and transported to our production facilities above ground to be further processed and made into thenardite.

We are in a period of significant production growth. We have completed construction of and commenced commercial production at our 1.0 million tpa mining and production facility in the Guangji Mining Area, which increased our total combined mining and production capacity from 0.6 million tpa to 1.6 million tpa as of November 1, 2008. We intend to complete construction of and commence commercial production at a 0.2 million 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.

We operate our business through our two PRC operating subsidiaries, Chuanmei Mirabilite, in which we hold 90.0% equity interest and Chuanmei Glauber Salt, in which we hold 100.0% equity interest. Chuanmei

## SUMMARY

Mirabilite operates the production and mining operations in the Dahongshan Mining Area and Chuanmei Glauber Salt operates and will operate the production and mining operations in the Guangji Mining Area and the Muma Mining Area, respectively.

As of December 31, 2008, we had net current liabilities of RMB354.9 million. This was a result of current assets of RMB299.8 million and current liabilities of RMB654.7 million. Our current assets were primarily comprised of trade and other receivables of RMB258.3 million. Our current liabilities were primarily comprised of trade and other payables of RMB360.8 million and bank borrowings — due within one year of RMB258.9 million. As of March 31, 2009, we had net current liabilities of RMB380.2 million. See “Financial Information — Working Capital”.

For the year ended December 31, 2006, we sold 478,135 tonnes of powder thenardite and 27,971 tonnes of medical thenardite. For the year ended December 31, 2007, we sold 532,393 tonnes of powder thenardite, 89,270 tonnes of specialty thenardite and 75,281 tonnes of medical thenardite. For the year ended December 31, 2008, we sold 477,815 tonnes of powder thenardite, 926,830 tonnes of specialty thenardite and 99,080 tonnes of medical thenardite. We used to focus on the production and sale of powder thenardite. We now focus on the production and sale of medical thenardite and specialty thenardite. We only began the production and sale of specialty thenardite in November 2007 and expect revenues from specialty thenardite to increase as a percentage of our total revenue in the future. Our revenue for the three years ended December 31, 2008 was RMB204.8 million, RMB371.5 million, and RMB1,140.4 million, respectively. Our net profit for the same periods was RMB49.3 million, RMB89.0 million, and RMB442.1 million, respectively.

The average selling prices of our domestic and export powder thenardite have been subject to fluctuation during the Track Record Period. The average selling prices of our medical thenardite and specialty thenardite have remained relatively stable during the Track Record Period. See “Financial Information — Factors Affecting Results of Operations and Financial Condition — Average Selling Prices”. The average selling prices of our products for the years ended December 31, 2006, 2007 and 2008 are set out below:

	Year ended December 31,		
	2006	2007	2008
<b>Average Sales Price (RMB/tonne)</b>			
Powder thenardite — domestic <sup>(1)</sup> .....	300	278	313
Powder thenardite — exports .....	454	379	568
Medical thenardite .....	1,899	1,934	1,939
Specialty thenardite .....	—	858	856

*Note:*

(1) This includes sales to distributors who then export our products.

The domestic average selling price for our powder thenardite decreased from the year ended December 31, 2006 to the year ended December 31, 2007 primarily due to increased sales to customers who provided their own transportation as we account for transportation costs in our domestic selling prices. The domestic average selling price of our powder thenardite increased from the year ended December 31, 2007 to the year ended December 31, 2008 primarily due to an increase in our coal costs and transportation costs which we were able to pass on to our customers. The export average selling price of our powder thenardite decreased from the year ended December 31, 2006 to the year ended December 31, 2007 primarily due to decreased transportation costs as we accounted for transportation costs from our storage facility to export customs in our export selling price. The decrease of such transportation cost was principally a result of clearing customs for our exports through customs located closer to our storage facility. The export average selling price of our powder

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## SUMMARY

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thenardite increased from the year ended December 31, 2007 to the year ended December 31, 2008 primarily due to an overall increase in our cost of sales and our sales to additional overseas customs at favorable average selling prices. The increase in average selling prices of our medical thenardite throughout the Track Record Period was primarily due to increased attention by the State FDA to the quality of and production process for medical thenardite in pharmaceutical products in the year ended December 31, 2006. We believe that this increased attention increased the demand for our medical thenardite which provided us with an opportunity to increase the average selling price of our medical thenardite. As we only began production and sales of our specialty thenardite in November 2007, the selling prices of this product have thus far been determined on a contract by contract basis. See “Financial Information — Factors Affecting Results of Operations and Financial Condition — Average Selling Prices”.

### **Our Competitive Strengths**

We believe our success to date and potential for future growth can be attributed to a combination of our competitive strengths, including the following, each of which is further discussed in “Business — Our Competitive Strengths”:

- The world’s second largest thenardite producer in terms of production capacity with a leading market presence in China
- Accumulated thenardite production knowhow and research and development capabilities focused on the development of new products and applications and the improvement of our production process
- Abundant and quality glauberite ore reserves
- Recognized brand name among downstream industries and strong business relationships with our customers
- Well-positioned to benefit from the growth in demand for thenardite in China
- Experienced senior management team with industry expertise

### **Our Strategies**

Our long-term goals are to further strengthen our leading position in the thenardite market in China, increase our market share through focused growth and further extend our product portfolio, in order to enhance shareholder value. We intend to achieve these goals by pursuing the following strategies, each of which is further discussed in “Business — Our Strategies”:

- Continue expansion of production capacity
- Further explore acquisition opportunities to increase our thenardite reserve base
- Reduce production costs through research and development
- Develop new products and applications to target high margin sales

## SUMMARY

### Summary Historical Financial Information

The following summary historical income statement data for the years ended December 31, 2006, 2007 and 2008 and the summary historical balance sheet data as of December 31, 2006, 2007 and 2008 set forth below have been derived from the accountants' report prepared by Grant Thornton, Certified Public Accountants, Hong Kong, and included in Appendix I to this prospectus. You should read the summary historical financial information below in conjunction with our financial statements including the notes thereto included in "Appendix I — Accountants' Report of Lumena Resources Corp.", which have been prepared in accordance with IFRS.

	Year Ended December 31,		
	2006	2007	2008
	(RMB'000)		
<b>Income Statement Information</b>			
Revenue	204,755	371,530	1,140,354
Cost of sales	(112,430)	(151,295)	(343,794)
Gross profit	92,325	220,235	796,560
Other revenue and gains	4,618	5,324	3,128
Selling and distribution expenses	(24,565)	(6,912)	(11,147)
Other operating expenses	(14,429)	(69,223)	(67,878)
Repair expenses arising from earthquake	—	—	(8,280)
Operating profit	57,949	149,424	712,383
Finance costs	(7,079)	(34,521)	(98,800)
Profit before income tax	50,870	114,903	613,583
Income tax expense	(1,616)	(25,901)	(171,503)
Profit for the year	<u>49,254</u>	<u>89,002</u>	<u>442,080</u>
	As of December 31,		
	2006	2007	2008
	(RMB'000)		
<b>Balance Sheet Information</b>			
Non-current assets	120,413	939,329	1,604,108
Current assets	163,435	374,702	299,789
Total assets	<u>283,848</u>	<u>1,314,031</u>	<u>1,903,897</u>
Current liabilities	169,855	354,112	654,737
Non-current liabilities	—	631,049	423,618
Total liabilities	<u>169,855</u>	<u>985,161</u>	<u>1,078,355</u>
Net assets	113,993	328,870	825,542
Total equity	<u>113,993</u>	<u>328,870</u>	<u>825,542</u>

## SUMMARY

### Summary Historical Operating Information

The following table presents selected operating information for the periods indicated.

	Year Ended December 31,		
	2006	2007	2008
Thenardite Sales (tonnes)			
Powder thenardite — domestic . . . . .	424,094	519,481	459,346
Powder thenardite — export . . . . .	54,041	12,912	18,469
Medical thenardite . . . . .	27,971	75,281	99,080
Specialty thenardite . . . . .	—	89,270	926,830
Total thenardite sales . . . . .	<u>506,106</u>	<u>696,944</u>	<u>1,503,725</u>
Average Sales Price (RMB/tonne)			
Powder thenardite — domestic . . . . .	300	278	313
Powder thenardite — export . . . . .	454	379	568
Medical thenardite . . . . .	1,899	1,934	1,939
Specialty thenardite . . . . .	—	858	856

### Profit Forecast For The Year Ending December 31, 2009<sup>(1)(2)(3)</sup>

Forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2009 <sup>(2)</sup> . . . . .	Not less than RMB500.0 million
Unaudited pro forma forecast earnings per Share <sup>(4)</sup> . . . . .	Not less than RMB0.26

Notes:

- (1) *The profit forecast for the year ending December 31, 2009 has not taken into account potential revenue, if any, that may be generated from our intended 0.2 million tpa medical thenardite production facility in the Muma Mining Area for our financial year ending December 31, 2009. See “Business — Our Products — Medical Thenardite” and “Business — Sales and Marketing — Pricing”.*
- (2) *The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.*
- (3) *Please also see “Risk Factors — Risks Relating to our Business and our Industry — We may not be able to continue our production of medical thenardite or maintain our current competitive position in the sales of medical thenardite, and we may not be able to obtain a GMP Certification and Pharmaceutical Production Permit for our intended 0.2 million tpa medical thenardite production facility in the Muma Mining Area”.*
- (4) *The calculation of the pro forma forecast earnings per Share is based on the forecast consolidated net profit attributable to equity holders of our Company for the year ending December 31, 2009, assuming that the Global Offering was completed on January 1, 2009 and a total of 1,924,000,000 Shares had been issued and outstanding during the entire year. This calculation assumes that the Over-allotment Option is not exercised, the Offer Shares issued pursuant to the Global Offering were issued on January 1, 2009 and no options are granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.*

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## SUMMARY

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### Offer Statistics<sup>(1)</sup>

	<u>Based on an Offer Price of HK\$1.72 per Share</u>	<u>Based on an Offer Price of HK\$2.56 per Share</u>
Market capitalization <sup>(2)</sup> .....	HK\$3,309.3 million	HK\$4,925.4 million
Pro forma adjusted net tangible asset value per Share <sup>(3)(4)</sup> .....	HK\$0.49	HK\$0.66

#### Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 1,924,000,000 Shares expected to be issued and outstanding following the Global Offering.
- (3) The pro forma adjusted net tangible asset value per Share is arrived at after the adjustments referred to in “Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets” on the basis of 1,924,000,000 Shares in issue and the respective Offer Prices of HK\$1.72 per Share and HK\$2.56 per Share.
- (4) The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8813 to HK\$1.00. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate, or at any rate or at all.

### Dividend Policy

We will not declare or pay any dividends other than from profits and reserves lawfully available for distribution, including share premium. Our Shareholders may approve the distribution of dividends in a general meeting, but the amount may not exceed the amount recommended by our Directors. Our Directors may from time to time also declare interim dividends or may also declare dividends half yearly or at other intervals at a fixed rate if our Directors are of the opinion that the profits available for distribution justify the payment of such dividends.

We did not declare any dividends during the Track Record Period. The amount of any dividends to be declared or paid in the future will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on our Articles, the Cayman Companies Law, applicable laws and regulations and other relevant factors. Any future declarations of dividends may or may not reflect our Group’s historical declarations of dividends and will be at the absolute discretion of our Directors.

Our Directors intend to declare and recommend dividends in an amount of not less than 25% of the net profit attributable to the Shareholders in respect of the year ending December 31, 2010 and in respect of each financial year thereafter. However, such intention does not amount to any guarantee or representation or indication that our Company must or will or be able to declare and pay dividends in such manner or declare and pay dividends at all.

Any dividends declared will be in Hong Kong dollars with respect to the Shares on a per share basis and our Company will pay such dividends in Hong Kong dollars. Our Directors believe that our dividend policy mentioned above will not have a material adverse effect on our working capital position. See “Financial Information — Dividends”.

### Use of Proceeds

We estimate that we will receive net proceeds from the Global Offering ranging from approximately HK\$539.2 million (assuming an Offer Price of HK\$1.72 per Offer Share, being the lower end of the estimated Offer Price range) to HK\$863.3 million (assuming an Offer Price of HK\$2.56 per Offer Share, being the higher

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## SUMMARY

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end of the estimated Offer Price range), after deducting the underwriting commissions and estimated expenses payable by us in relation to the Global Offering.

We estimate that the Selling Shareholders will receive net proceeds from the Global Offering ranging from approximately HK\$284.5 million (assuming an Offer Price of HK\$1.72 per Offer Share, being the lower end of the estimated Offer Price range) to HK\$423.4 million (assuming an Offer Price of HK\$2.56 per Offer Share, being the higher end of the estimated Offer Price range), after deducting the underwriting commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering.

Assuming we receive the estimated net proceeds as described above based on the mid-point of the indicative Offer Price of HK\$1.72 to HK\$2.56, we may allocate:

- approximately 65% of the net proceeds to us (approximately HK\$455.8 million) for the partial repayment of our offshore bank loan owed to the Facility Lenders under the Facility Arrangements;
- approximately 13.5% of the net proceeds to us (approximately HK\$94.7 million) for the construction of our thenardite mining and production facilities in the Muma Mining Area;
- approximately 13.5% of the net proceeds to us (approximately HK\$94.7 million) for the acquisition of additional mining rights; and
- the remaining of the net proceeds (approximately HK\$56.0 million) to fund working capital and other general corporate purposes.

Upon Listing, the remaining outstanding balance of our offshore bank loan owed to the Facility Lenders will be converted into a one-year term loan bearing an effective interest rate of 13.5% per annum repayable in full at maturity. See “History, Reorganization and Corporate Structure — Facility Arrangements — Amendment upon Listing”.

To the extent that the net proceeds of the Global Offering received by us are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

If the Over-allotment Option is exercised in full, we estimate the net proceeds of the Global Offering to the Selling Shareholders will range from approximately HK\$426.7 million (assuming an Offer Price of HK\$1.72 per Offer Share) to HK\$635.1 million (assuming an Offer Price of HK\$2.56 per Offer Share), after deducting the underwriting commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering. We will not receive any of the net proceeds of the Global Offering from the sale of the Sale Shares and the Over-allotment Shares, if any by the Selling Shareholders. The Selling Shareholders will be responsible for the underwriting commission, together with any applicable Stock Exchange trading fees, SFC transaction levy, CCASS transaction fees and stamp duty payable in respect of the sale of their Shares. We will be responsible for all other costs of the Global Offering.

### **Risk Factors**

There are certain risks relating to an investment in our Shares. These can be categorized into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering and our Shares. A detailed discussion of the risk factors is set forth in “Risk Factors”.



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## SUMMARY

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### *Risks Relating to Our Business and Our Industry*

- We are experiencing a period of rapid growth and may not be able to manage our growth effectively.
- Our business operations depend on the policies and regulations of the PRC government.
- We do not have land use rights for certain parcels of land above our two mines and may not be able to continue to access the primary access tunnels into our mines and our use of certain facilities built on those parcels.
- We have limited cash resources and are dependent on future cash flows generated from our business and obtaining additional financing to support our business operations, expand our production capacity and to continue as a going concern.
- We have experienced negative cash flow from our operating activities and there can be no assurance that we will not experience negative cash flow in the future.
- We intend to use outstanding bank borrowings, but we may not be able to comply with the covenants under these borrowings or secure sufficient payment or refinancing when they mature.
- We need additional capital to fund our operations and growth which we may not be able to obtain on acceptable terms, or at all.
- Demand for specialty thenardite may not develop as expected or at all.
- We may not be able to continue our production of medical thenardite or maintain our current competitive position in the sales of medical thenardite, and we may not be able to obtain a GMP Certification and Pharmaceutical Production Permit for our intended 0.2 million tpa medical thenardite production facility in the Muma Mining Area.
- We may not manufacture our products cost-effectively.
- Our business depends on the demand for and price of thenardite.
- The accuracy of our resources and reserves estimates is based on a number of assumptions and we may produce less thenardite than our current estimates.
- We may not be successful in future acquisitions or may encounter difficulties in integrating and developing the acquired assets or businesses.
- Our major capital projects may not be completed within the expected time frame and within our budget, or at all, and may not achieve the intended economic results.
- Our mining and production activities are subject to operational risks and hazards.
- Due to our location in Sichuan Province, we and a number of our customers are vulnerable to natural disasters and other events outside of our control, which may seriously disrupt our operations.
- Our business and results of operations are vulnerable to increases in energy costs.
- Our dependence on a limited number of customers and industries may cause significant fluctuations or declines in our revenues.



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## SUMMARY

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- Our products may not meet customer specifications or industry standards.
- We operate in a highly competitive environment and we may not be able to sustain our current market position if we fail to compete successfully.
- We have limited insurance coverage which may not be sufficient to cover all of our potential losses.
- Our business depends substantially on the continuing efforts of our executive officers and our ability to attract and retain qualified technical personnel.
- We may fail to protect our intellectual property rights or be exposed to infringement or misappropriation claims by third parties and litigation involving intellectual property rights may be costly and may not be resolved in our favor.
- We may not be successful in developing new products and applications.
- Our existing Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other Shareholders.
- We lack long-term sales contracts with our customers.
- We may fail to maintain effective internal controls.
- We lack building ownership certificates for some of our buildings in the PRC.
- We have been unable to obtain certain explosives permits under the 2006 Explosives Regulation.
- We operated in the Guangji Mining Area without mining rights and certain other relevant approvals.
- We may be adversely affected by the recent economic crisis in the world.

### ***Risks Relating to Conducting Business in the PRC***

- We are vulnerable to adverse changes in the political and economic policies of the PRC government that affect economic growth in China.
- We rely on dividends paid by our subsidiaries for our cash needs.
- Recent regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions.
- PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of the Global Offering to make additional capital contributions or loans to our PRC subsidiaries.
- A new PRC tax law increases the enterprise income tax rate applicable to our subsidiaries in China.
- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.
- We may not be able to obtain necessary approvals for capital investment from the relevant governmental authority.

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## SUMMARY

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- The interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties in China.
- You may experience difficulties in effective service of legal process, enforcing foreign judgments or bringing original actions in China based on United States or other foreign laws against us, our management or the experts named in the prospectus.
- We are vulnerable to fluctuations in the value of the Renminbi.
- Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively.
- The outbreak of any severe communicable disease in the PRC or elsewhere may affect economic conditions.
- We may be subject to fines and penalties under the PRC Labor Contract Law and our labor costs may increase.

### *Risks Relating to the Global Offering and Our Shares*

- There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.
- Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional equity interests in the future.
- You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, which law may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions.
- Future sales of substantial amounts of our Shares in the public markets could adversely affect the prevailing market price of our Shares.
- Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from executing our growth strategy successfully.
- Certain facts and statistics contained in this prospectus have come from official government or other industry publications, the reliability of which cannot be assumed or assured.
- The options under the Pre-IPO Share Option Scheme and the Share Option Scheme may have negative effects on our share value and profitability.
- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through other media relating to us and/or the Global Offering, which may not be consistent with the information contained in this prospectus.

### **Share Option Schemes**

#### *Pre-IPO Share Option Scheme*

We have conditionally adopted the Pre-IPO Share Option Scheme on April 30, 2008, a summary of the terms and conditions of which is set out in “Appendix VII — Pre-IPO Share Option Scheme”. The purpose of the

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## SUMMARY

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Pre-IPO Scheme is to recognize the contributions made by our Directors, senior managerial staff and employees and to retain those persons whose contributions are important to our long-term growth and profitability.

As at the Latest Practicable Date, we granted options exercisable into 76,000,000 Shares under the Pre-IPO Share Option Scheme to 198 grantees including our Directors, senior managerial staff and employees, under which these grantees are entitled to subscribe for Shares at the Offer Price in four phases in the following manner:

(A) For grantees who have joined our Company for at least one calendar year as of the Listing Date

<u>Exercise Period</u>	<u>Maximum number of options exercisable</u>
Any time from the 15 <sup>th</sup> business day after the Listing Date until the 1 <sup>st</sup> anniversary of the Listing Date	1 <sup>st</sup> phase options, being up to half of the total number of options granted
Any time after the 1 <sup>st</sup> the anniversary of the Listing Date until the 2 <sup>nd</sup> anniversary of the Listing Date	2 <sup>nd</sup> phase options, after the exercise of which, the cumulative number of exercised options may be up to two-thirds of total number of options granted
Any time after the 2 <sup>nd</sup> anniversary of the Listing Date until the 3 <sup>rd</sup> anniversary of the Listing Date	3 <sup>rd</sup> phase options, after the exercise of which, the cumulative number of exercised options may be up to five-sixths of the total number of options granted
Any time after the 3 <sup>rd</sup> anniversary of the Listing Date until expiry of the validity period of the relevant options	4 <sup>th</sup> phase options, being such number of options granted less the number of options already exercised

(B) For grantees who have joined our Company for less than one calendar year as of the Listing Date

<u>Exercise Period</u>	<u>Maximum number of options exercisable</u>
Any time after the 1 <sup>st</sup> anniversary of the Listing Date until the 2 <sup>nd</sup> anniversary of the Listing Date	1 <sup>st</sup> phase options, being up to half of the total number of options granted
Any time after the 2 <sup>nd</sup> the anniversary of the Listing Date until the 3 <sup>rd</sup> anniversary of the Listing Date	2 <sup>nd</sup> phase options, after the exercise of which, the cumulative number of exercised options may be up to two-thirds of total number of options granted
Any time after the 3 <sup>rd</sup> anniversary of the Listing Date until the 4 <sup>th</sup> anniversary of the Listing Date	3 <sup>rd</sup> phase options, after the exercise of which, the cumulative number of exercised options may be up to five-sixths of the total number of options granted
Any time after the 4 <sup>th</sup> anniversary of the Listing Date until expiry of the validity period of the relevant options	4 <sup>th</sup> phase options, being such number of options granted less the number of options already exercised

The exercise of the options would entitle these persons to purchase an aggregate of 76,000,000 Shares, representing (i) approximately 4.0% of our issued share capital immediately following completion of the Global Offering (but not taking into account any Shares which may be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme) and (ii) 3.8% of our issued share capital immediately following completion of the Global Offering and assuming that all the options granted under the Pre-IPO Share Option Scheme are exercised at the same time (but not taking into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

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## SUMMARY

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Assuming that all the outstanding options granted under the Pre-IPO Share Option Scheme were exercised in full on the Listing Date and assuming the Global Offering was completed on January 1, 2009, the shareholding interest of the public would be changed from 30.0% to approximately 28.9% of our total issued share capital and the unaudited pro forma forecast earnings per Share for the year ending December 31, 2009 would be reduced from RMB0.26 to RMB0.25, assuming that the Over-allotment Option is not exercised (but not taking into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

Our total share-based payment expenses for the year ending December 31, 2009 in respect of the options granted under the Pre-IPO Share Option Scheme are estimated to be approximately RMB13,607,000.

The Directors have agreed not to exercise their options if such exercise of any part or parts of which will result in public float levels dropping below 25% of our issued share capital from time to time.

### **Share Option Scheme**

We have conditionally adopted the Share Option Scheme on May 26, 2009, the purpose of which is to provide the people and the parties working for the interests of our Group with an opportunity to obtain an equity interest in our Company, thus linking their interest with the interest of our Group and thereby providing them with an incentive to work better for the interest of our Group. The principal terms of the Share Option Scheme is summarized in “Appendix VII — Share Option Scheme”.