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LUMENA RESOURCES CORP.

旭光資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 67)

- (1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) AN INCREASE IN AUTHORISED SHARE CAPITAL;**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;**
- (5) ALLOTMENT AND ISSUE OF CONSIDERATION SHARES;**
- (6) SPECIFIC MANDATE FOR THE NEW ISSUE;**
- AND**
- (7) SUSPENSION AND RESUMPTION OF TRADING**

Financial adviser to Lumena Resources Corp.



VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS

On 19 October 2010, the Company entered into the Sale and Purchase Agreement pursuant to which the Company will acquire the Sale Shares which, upon Completion, represent up to 95.00% but not less than 89.49% of the equity interest in the Target subject to the terms of the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, the Consideration payable to each of the Vendors (or any Acceding Vendor) is calculated on the basis of (i) the number of Target Shares held by the Vendor (or any Acceding Vendor) on Completion as a percentage of the entire share capital of the Target in issue on Completion; and (ii) a total consideration for 100% of the share capital of the Target in issue on Completion amounting to HKD11,634,750,000 which is the agreed HKD equivalent of USD1,500,000,000. The Consideration payable to each of the Vendors (or any Acceding Vendor) will be satisfied (a) as to 90%, by way of the allotment and issue of Consideration Shares to the Vendors (or any Acceding Vendor) at an issue price of HKD3.15 for each Consideration Share upon Completion; and (b) as to the balance of the Consideration, by payment of the Cash Consideration by the Company to the Vendors (or any Acceding Vendor) within four months following Completion.

According to the Sale and Purchase Agreement, any Warrant Holder or shareholder of the Target not being a party to the Sale and Purchase Agreement as at the date of this announcement (which may include BOCOM) may accede to the Sale and Purchase Agreement and become a party to it as a vendor on or before Completion by delivering a duly completed and signed deed of accession to the Company and the Company executing such deed of accession no later than one business day before Completion.

If Target Shares are issued to any Warrant Holder and/or BOCOM before Completion and any Warrant Holder and/or BOCOM delivers a duly completed and signed deed of accession to the Company, or if any Non-Selling Shareholder delivers a duly completed and signed deed of accession to the Company, the Board plans to execute such deed of accession as a result of which such Warrant Holder, BOCOM and/or Non-Selling Shareholder will accede to the Sale and Purchase Agreement and the Company will acquire the Target Shares held by such holder of Target Shares, subject to the terms and conditions of the Sale and Purchase Agreement.

As one or more of the applicable Percentage Ratios in respect of the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and will accordingly be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mr. Suo Lang Duo Ji is a non-executive Director. Nice Ace is principally an investment holding company ultimately beneficially wholly-owned by Mr. Suo Lang Duo Ji. As at the date of this announcement, Nice Ace owns approximately 37.98% of the total issued share capital of the Company. Mr. Suo Lang Duo Ji is therefore a controlling shareholder of the Company as at the date of this announcement. Ascend is principally an investment holding company ultimately beneficially wholly-owned by Mr. Suo Lang Duo Ji. As at the date of this announcement, Ascend owns approximately 47.17% of the total issued share capital of the Target. Therefore, Nice Ace and Ascend are each an associate of Mr. Suo Lang Duo Ji and each of Nice Ace, Ascend and Mr. Suo Lang Duo Ji is a connected person of the Company for the purposes of the Listing Rules.

Accordingly, the transactions contemplated under the Sale and Purchase Agreement also constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WHITEWASH WAIVER

Assuming no further Shares will be issued by the Company prior to the allotment and issue of the Consideration Shares upon Completion and no new Target Shares will be issued by the Target prior to Completion and none of the Non-Selling Shareholders accedes to the Sale and Purchase Agreement, the interests in the Company held by Mr. Suo Lang Duo Ji and the Concert Parties and their respective associates and parties acting in concert with any of them (including the Concert Parties Entities), will increase from approximately 45.66% to approximately 74.25% of the issued share capital of the Company as enlarged by the Consideration Shares.

Mr. Suo Lang Duo Ji and the Concert Parties and parties acting in concert with any of them (including the Concert Party Entities) will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. Mr. Suo Lang Duo Ji and the Concert Parties will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code on the basis that, among other things, the Consideration Shares will be issued as the consideration for the Acquisition pursuant to the Sale and Purchase Agreement and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote to be taken by way of a poll whereby Mr. Suo Lang Duo Ji, the Concert Parties, their respective associates and parties acting in concert with any of them (including the Concert Party Entities) and any others who are involved or interested in the Acquisition and the Whitewash Waiver will abstain from voting on the resolutions relating to the Acquisition and the Whitewash Waiver at the EGM.

INCREASE IN AUTHORISED SHARE CAPITAL, ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES

The Board proposes to increase the authorised share capital of the Company from USD50,000 to USD100,000 by the creation of an additional 5,000,000,000 Shares of USD0.00001 each. At the EGM, an ordinary resolution will be proposed to approve the increase of the authorised share capital of the Company.

At the EGM, ordinary resolutions will also be proposed to approve the allotment and issue of the Consideration Shares and the Additional Shares pursuant to Rule 13.36(1)(a) of the Listing Rules.

GENERAL

The Company has established the Independent Board Committee, comprising of three independent non-executive Directors, namely Mr. Koh Tiong Lu, John, Mr. Wong Chun Keung and Mr. Xia Lichuan, to advise the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

Mr. Gao Zongze, an independent non-executive Director, is a supervisor of the Target. Although he is not involved in the management of the Target, such position conflicts with that of the Independent Board Committee. Therefore he is not included as a member of the Independent Board Committee. The non-executive Directors, namely Mr. Suo Lang Duo Ji, Mr. Wang Chun Lin and Mr. Zhang Songyi, each are shareholders of the Company and the Target, and accordingly have a direct interest in the Acquisition and are therefore not included as members of the Independent Board Committee. None of the members of the Independent Board Committee has any direct or indirect interest in the Acquisition and the Whitewash Waiver.

The Board announces that with the approval of the Independent Board Committee, the Company has appointed ING Bank N.V. as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee advising the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and advising the Independent Shareholders on how to vote, taking into account the recommendations from the Independent Financial Adviser; (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and advising the Independent Shareholders on how to vote; and (iv) a notice of the EGM, will be dispatched to the Shareholders on or before 26 November 2010.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 18 October 2010 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 8 November 2010 following the publication of this announcement.

INTRODUCTION

The Board announces that the Company and the Vendors entered into a conditional Sale and Purchase Agreement dated 19 October 2010, pursuant to which the Company will acquire the Sale Shares which, upon Completion, represent up to 95.00% but not less than 89.49% of the equity interest in the Target, subject to the terms of the Sale and Purchase Agreement.

The terms of the Sale and Purchase Agreement are described in more detail below.

THE SALE AND PURCHASE AGREEMENT

Date

19 October 2010

Parties

Vendors: (i) Ascend and Mr. Suo Lang Duo Ji
(ii) Mandra
(iii) Woo Foong Hong
(iv) Triple A Investments
(v) MS China
(vi) Ying Mei
(vii) Sky Success
(viii) Other Vendors

Purchaser: the Company

Assets acquired under the Sale and Purchase Agreement

The Company has conditionally agreed to purchase the Sale Shares and the Vendors have conditionally agreed to sell the Sale Shares.

As at the date of this announcement, the Vendors are the legal and beneficial owners and registered holders of 95.00% of the issued share capital of the Target. Assuming that no other Target Shares are issued before Completion, the aggregate Sale Shares will represent 95.00% of the share capital of the Target in issue on Completion.

On 9 November 2010 and in connection with the Secured Fixed Rate Term Notes, the Target will create and issue New Warrants to the New Investors which give the right to purchase Target Shares representing up to approximately 2.57% of the Target's fully diluted share capital, subject to the terms and conditions of the Warrant Instrument. Pursuant to the Warrant Instrument, the New Warrants will automatically be either exercised or settled for Target Shares with cash (at the option of the Warrant Holders) before Completion. No New Warrants will be outstanding after Completion.

If any of the subscription rights for Target Shares under the New Warrants is exercised before Completion, the shareholdings of each Vendor in the Target will be diluted on a pro-rata basis. If all subscription rights for Target Shares under the New Warrants are exercised but no other Target Shares are issued before Completion, the Sale Shares will represent approximately 92.56% of the entire share capital of the Target in issue on Completion.

Pursuant to a subscription agreement dated 30 October 2009, as amended by an amendment and waiver letter on 5 November 2010, the Target has issued the Convertible Notes which are convertible into Target Shares representing approximately 3.23% of the Target's fully diluted share capital. Pursuant to the Convertible Notes, BOCOM may exercise its conversion rights into Target Shares at any time prior to three days before the Completion Date. Upon any exercise of BOCOM's conversion rights, the Target will create and issue Target Shares to BOCOM representing up to approximately 3.23% of the Target's fully diluted share capital.

If BOCOM exercises its conversion rights into Target Shares under the Convertible Notes before Completion but no other Target Shares are issued before Completion, the aggregate Sale Shares will represent approximately 91.94% of the entire share capital of the Target in issue on Completion. If BOCOM does not elect to exercise its conversion rights before Completion, the Convertible Notes will mature on 31 May 2011. Pursuant to the Sale and Purchase Agreement, the Consideration will not be adjusted if the Convertible Notes are not exercised before Completion. There are no Convertible Notes holders other than BOCOM.

According to the Sale and Purchase Agreement, any Warrant Holder or shareholder of the Target not being a party to the Sale and Purchase Agreement as at the date of this announcement (which may include BOCOM) may accede to the Sale and Purchase Agreement and become a party to it as a vendor on or before Completion by delivering a duly completed and signed deed of accession to the Company and the Company executing such deed of accession no later than one business day before Completion.

If Target Shares are issued to any Warrant Holder and/or BOCOM before Completion and any Warrant Holder and/or BOCOM delivers a duly completed and signed deed of accession to the Company, or if any Non-Selling Shareholder delivers a duly completed and signed deed of accession to the Company, the Board plans to execute such deed of accession as a result of which such Warrant Holder, BOCOM and/or Non-Selling Shareholder will accede to the Sale and Purchase Agreement and the Company will acquire the Target Shares held by such holder of Target Shares, subject to the terms and conditions of the Sale and Purchase Agreement.

Assuming that the Target does not issue any new Target Shares prior to Completion, the Sale Shares will comprise 95.00% of the issued share capital of the Target on Completion, of which (a) Ascend will hold approximately 37.78% and Mr. Suo Lang Duo Ji will hold less than 0.01%, (b) Mandra will hold approximately 14.16%, (c) Woo Foong Hong will hold approximately 5.72%, (d) Triple A Investments will hold approximately 3.46%, (e) MS China will hold approximately 7.66%, (f) Ying Mei will hold approximately 5.00%, (g) Sky Success will hold approximately 8.70%, and (h) the Other Vendors will hold approximately 12.53%.

Assuming that the Target does not issue any new Target Shares prior to Completion, upon Completion the Company will hold 95.00% of the issued share capital of the Target. If Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, the Company will hold approximately 89.49% of the issued share capital of the Target upon Completion, and if all Warrant Holders, BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement, the Company will hold 100% of the issued share capital of the Target upon Completion.

As detailed below, the Target is the holding company of the Target Group which is principally engaged in the production, development and sale of PPS resin, PPS compounds and PPS fibre.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration payable to each of the Vendors (or any Acceding Vendor) is calculated on the basis of (i) the number of Target Shares held by the relevant Vendor (or any Acceding Vendor) on Completion as a percentage of the entire share capital of the Target in issue on Completion and (ii) a total consideration for 100% of the share capital of the Target in issue on Completion amounting to HKD11,634,750,000 which is the agreed HKD equivalent of USD1,500,000,000, and such Consideration payable to each of the Vendors (or any Acceding Vendor) is determined pursuant to the following formula:

$$C = D \times A/B$$

Where:

C = Consideration

D = HKD11,634,750,000

A = Number of Sale Shares as held by the Vendor (or any Acceding Vendor)

B = Total number of Target Shares in issue on Completion

If, prior to Completion, Target Shares are issued to a Warrant Holder following the exercise of its subscription rights for Target Shares under the New Warrants pursuant to their terms, or a shareholder of the Target not being a party to the Sale and Purchase Agreement as at the date of this announcement wishes to sell its shares pursuant to the terms of the Sale and Purchase Agreement, such Warrant Holder and/or such shareholder may accede to the Sale and Purchase Agreement and become a party to it as a vendor on or before Completion by delivering a duly completed and signed deed of accession to the Company and the Company executing such deed of accession no later than one business day before Completion.

If a Warrant Holder or shareholder of the Target not being a party to the Sale and Purchase Agreement as at the date of this announcement (which may include BOCOM) accedes to the Sale and Purchase Agreement, the consideration payable by the Company shall be determined in accordance with the above formula. The number of Consideration Shares to be allotted and issued to each of the Vendors (and any Acceding Vendor) shall be determined and the cash amount to be paid to each of the Vendors (and any Acceding Vendor) shall be determined using the above formula.

Assuming that the Target does not issue any new Target Shares prior to Completion, the aggregate Consideration payable to all Vendors is calculated using the total consideration for 100% of the share capital of the Target in issue on Completion amounting to HKD11,634,750,000, multiplying that with 95.0001324%, which equals to approximately HKD11,053,027,908 (rounded up to the nearest Hong Kong dollar).

If the Target issues Target Shares to any Warrant Holder and/or to BOCOM before Completion and none of the Warrant Holders nor BOCOM nor any Non-Selling Shareholder accedes to the Sale and Purchase Agreement, the aggregate Consideration payable to all Vendors will decrease accordingly, and in case Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, the aggregate Consideration payable to all Vendors (and the Acceding Vendors) is calculated using the total

consideration for 100% of the share capital of the Target in issue on Completion amounting to HKD11,634,750,000, multiplying that with 89.4927849%, which equals to approximately HKD10,412,261,795 (rounded up to the nearest Hong Kong dollar).

If Target Shares are issued to any Warrant Holder and/or BOCOM before Completion and all of such Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement, the aggregate Consideration payable to all Vendors (and the Acceding Vendors) is HKD11,634,750,000, which equals to the total consideration for 100% of the share capital of the Target in issue on Completion.

The Consideration payable to each of the Vendors (or any Acceding Vendor) is to be satisfied in the following manner:

- (a) as to 90%, by way of the allotment and issue of Consideration Shares at Completion to the Vendors (or any Acceding Vendor) at an issue price of HKD3.15 for each Consideration Share; and
- (b) as to the balance of the Consideration, by payment of the Cash Consideration by the Company to the Vendors (or any Acceding Vendor) within four months following Completion.

The original purchase costs of the Target Shares to be transferred under the Sale and Purchase Agreement by Mr. Suo Lang Duo Ji, Ascend, Mandra, Triple A Investments and Woo Foong Hong, who are the connected persons of the Company, were approximately USD25,943,000, USD15,112,000, USD5,663,000, USD1,388,000 and USD8,613,000 respectively. In respect of the original purchase costs of Mandra as set out above, it represents the aggregate purchase costs of Mandra and their respective associates.

The unaudited net asset value of Target Group as of 30 June 2010 is RMB2,296,799,000. The profit from operation during the 12 months ended 31 December 2009 and the six months ended 30 June 2010 were RMB761.25 million and RMB623.26 million, respectively.

The Consideration of the Target Group is approximately 11.2 times the annualised unaudited net profit of Target Group for the six months ended 30 June 2010 excluding changes in fair value of financial instruments. The unaudited net profit for the six months ended 30 June 2010 excluding changes in fair value of financial instruments was approximately RMB445.9 million.

The Consideration was determined after arm's length negotiations amongst the Company and the Vendors and on normal commercial terms after taking into account a number of factors including recent valuations of listed companies operating in the similar industry, the business prospects, financial position and performance of the Target Group, the future synergies to be derived from the Group after the successful integration of the Target Group, the reasons and benefits to be derived from the Acquisition as described below, and also the agreed valuation of the Target Group.

Assuming that the Target does not issue any new Target Shares prior to Completion, the Consideration Shares represent approximately 161.62% of the existing issued share capital of the Company and 61.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

If the Target issues Target Shares to any Warrant Holder and/or to BOCOM, the number of Consideration Shares will decrease accordingly and, if the Target issues Target Shares representing approximately 2.57% of the Target's fully diluted share capital to the Warrant Holders before Completion and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, the Consideration Shares represent approximately 152.25% of the existing issued share capital of the Company and 60.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

If Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to any Warrant Holder and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and all of such Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement, the Consideration Shares represent approximately 170.13% of the existing issued share capital of the Company and 62.98% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The issue price for the Consideration Shares of HKD3.15 per Consideration Share represents:

- a premium of approximately 7.51% to the closing price of HKD2.93 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 4.72% to the average closing price of approximately HKD3.008 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- a premium of approximately 4.93% to the average closing price of approximately HKD3.002 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

The following table sets out the number of Consideration Shares to be issued to the Vendors (and any Acceding Vendor), as well as the shareholding interest in the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, where:

- Scenario A applies in the event that the Target does not issue any new Target Shares prior to Completion and none of the Non-Selling Shareholders accedes to the Sale and Purchase Agreement in which case the Company will acquire 95.00% of the issued share capital of the Target;
- Scenario B applies in the event that Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and neither any Warrant Holder nor BOCOM nor any Non-Selling Shareholder accedes to the Sale and Purchase Agreement in which case the Company will acquire approximately 89.49% of the issued share capital of the Target; and

- Scenario C applies in the event that Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and all Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement in which case the Company will acquire 100% of the issued share capital of the Target:

Beneficial Shareholders	Scenario A		Scenario B		Scenario C	
	<i>No. of Consideration Shares</i>	<i>Approximate %</i>	<i>No. of Consideration Shares</i>	<i>Approximate %</i>	<i>No. of Consideration Shares</i>	<i>Approximate %</i>
Mr. Suo Lang Duo Ji	1,255,786,415	24.57%	1,182,985,968	24.00%	1,182,985,968	22.41%
Mr. Zhang Songyi and his wife	470,585,001	9.21%	443,304,248	8.99%	443,304,248	8.40%
Morgan Stanley	254,504,329	4.98%	239,750,205	4.86%	239,750,205	4.54%
Ying Mei	166,210,716	3.25%	156,575,149	3.18%	156,575,149	2.97%
Mr. Wang Chun Lin and his wife	115,180,309	2.25%	108,503,077	2.20%	108,503,077	2.06%
Moonchu	190,008,095	3.72%	178,992,946	3.63%	178,992,946	3.39%
Sky Success	289,227,446	5.66%	272,460,353	5.53%	272,460,353	5.16%
Other Vendors	416,505,663	8.15%	392,359,997	7.96%	392,359,997	7.43%
Warrant Holders	-	-	-	-	85,478,841	1.62%
BOCOM	-	-	-	-	107,232,503	2.03%
Non-Selling Shareholders	-	-	-	-	156,571,000	2.97%

At the EGM, the Directors will seek, subject to the Independent Shareholders' approval, a specific mandate to allot, issue and deal with the Consideration Shares. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the Consideration is fair and reasonable and the Acquisition is on normal commercial terms and is in the interests of the Company and the Independent Shareholders as a whole.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

The Sale and Purchase Agreement and the obligations of the Company and the Vendors to effect Completion is conditional upon:

- the results of the due diligence exercise carried by the Company on the assets, liabilities, business and prospects of the Target Group being satisfactory to the Company;
- the passing of an ordinary resolution by the Shareholders (or by the Independent Shareholders where required by the Listing Rules and/or the Takeovers Code) at the EGM, with voting being taken by way of poll, approving the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder including (i) the acquisition by the Company of the Sale Shares; (ii) the increase of the authorised share capital of the Company to USD100,000 comprising shares of USD0.00001 each; (iii) the allotment and issue of the Consideration Shares; and (iv) the Whitewash Waiver;
- the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares;

- (d) the Executive granting the Whitewash Waiver to Mr. Suo Lang Duo Ji and parties acting in concert with him and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (e) the current listing of the Shares not having been withdrawn, the Shares continuing to be traded on the Stock Exchange (save for any temporary suspension of not more than 10 consecutive trading days (as defined in the Listing Rules) or any suspension pending clearance of any announcement in connection with any announcement required to be made under Chapter 13, 14 or 14A of the Listing Rules (including but not limited to the Announcement), the Stock Exchange and the Executive not having indicated that it shall object to such listing and there being no events or circumstances existing based on which the Stock Exchange or the Executive could raise such objection or that will adversely affect the listing status of the Company;
- (f) the PRC Legal Opinion and such other legal opinions as the parties hereto may agree having been duly issued to the Company;
- (g) the Company being satisfied that each of the Vendors' Warranties and the Warrantors' Warranties will remain true and correct and not misleading in all material respects (if such warranties are not qualified as to materiality) on and as of the Completion Date;
- (h) the Vendors being satisfied that all the Purchaser's Warranties will remain true and correct and not misleading in all material respects (if such Warranties are not qualified as to materiality) as at the Completion Date;
- (i) all requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) (including those from the relevant government, regulatory bodies, authorities or third parties (including banks)) having been obtained;
- (j) the Secured Fixed Rate Term Notes having been executed and the New Warrants having been created, both on terms and conditions satisfactory to the Target and the Company on or before 9 November 2010, and the Secured Fixed Rate Term Notes, and, if necessary, the New Warrants, having been amended thereafter but before Completion, on terms and conditions satisfactory to the Company, to the effect that, upon Completion, the terms and conditions of the Secured Fixed Rate Term Notes or the New Warrants, respectively, as amended, do not conflict with the terms and conditions of the Indenture;
- (k) any Related Transaction having been terminated, and any amounts due to the Company and any outstanding obligations under such Related Transaction having been paid and fulfilled in full;
- (l) the consummation of the transactions contemplated pursuant to the Sale and Purchase Agreement shall not have been restrained, enjoined or otherwise prohibited by any applicable laws, including any order, injunction, decree or judgment of any court or other government;
- (m) there being no material adverse change to the business and financial conditions of the Target Group; and
- (n) there being no material adverse change to the business and financial conditions of the Group.

At any time before the Longstop Date, the Company may waive any of the conditions (a), (f), (g), (i), (j), (k), (l) and (m) above, and the Warrantors may waive any of the conditions (e), (h), and (n) above. Save for the conditions (b), (c) and (d) above, which cannot be waived by any party to the Sale and Purchase Agreement, if any of the above conditions shall not have been fulfilled or waived (as the case may be) at or before 5.00 p.m. on the Longstop Date, the Sale and Purchase Agreement shall terminate and be of no further effect and all rights and obligations of the parties to the Sale and Purchase Agreement shall cease and lapse without prejudice to the rights of any Parties in respect of certain continuing provisions or any antecedent breach of the Sale and Purchase Agreement.

Completion

Completion will take place on the fifth business day after all outstanding conditions precedent of the Sale and Purchase Agreement have been fulfilled or waived (or such other date as the Company and the Warrantors shall agree and notify to the other Vendors).

Lock-up Undertakings

Pursuant to the Sale and Purchase Agreement, each of the Vendors has agreed to lock-up undertakings with regard to the Consideration Shares for a period of 12 months (in case of Mr. Suo Lang Duo Ji and Ascend) and six months (in case of all other Vendors other than Mr. Suo Lang Duo Ji and Ascend) effective from Completion. Such lock-up undertakings can be waived with prior written consent by the Company and shall not apply to (i) transactions involving any Shares (other than the relevant Consideration Shares) held by the Vendors and/or its affiliates as at Completion or purchased by the Vendors and/or its affiliates subsequent to the Completion Date; (ii) transfers or distributions of the relevant Consideration Shares to any partners, members, shareholders or affiliates of the Vendor (provided that any transferee or counterparty (but not participant) shall provide a lock-up undertaking); and (iii) sales and transfers of the relevant Consideration Shares by any Vendor in connection with a top-up placement of Shares by the Company pursuant to which such Vendor is a party to a placing agreement with a placing agent appointed by the Company.

If any Warrant Holder, BOCOM and/or Non-Selling Shareholder accedes to the Sale and Purchase Agreement, such Warrant Holder, BOCOM and/or Non-Selling Shareholder will be subject to the same lock-up undertakings for a period of six months effective from Completion.

INCREASE IN AUTHORISED SHARE CAPITAL, ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES AND SPECIFIC MANDATE FOR THE NEW ISSUE

As at the date of this announcement, the authorised share capital of the Company is USD50,000 divided into 5,000,000,000 Shares of USD0.00001 each, of which 1,953,927,498 Shares have been issued and are fully paid up.

The Board proposes to increase the authorised share capital of the Company from USD50,000 to USD100,000 by the creation of an additional 5,000,000,000 Shares of USD0.00001 each.

At the EGM, an ordinary resolution will be proposed to approve the increase of the authorised share capital of the Company. The Board believes that the increase in the authorised share capital of the Company is necessary so that the Company shall have sufficient authorised share capital to issue the Consideration Shares. Depending on market conditions, the Group may also carry out future fund raising exercises of the Company by issuing the Additional Shares, the proceeds of

which will be used for the Cash Consideration to the Vendors (and any Acceding Vendor) arising from the Acquisition, repayment of the USD90 million term notes issued to the New Investor(s), and future expansions of the Enlarged Group. The proposed increase in authorised share capital of the Company will facilitate the issue of the Additional Shares. In the event that Completion does not take place, a placing will not be carried out. No funds have been raised on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

At the EGM, ordinary resolutions will also be proposed to approve the allotment and issue of the Consideration Shares and the Additional Shares pursuant to Rule 13.36(1)(a) of the Listing Rules.

In relation to the proposal to approve the specific mandate for the New Issue, the Directors will be authorised to allot and issue the Additional Shares if certain conditions, as further described below, are satisfied. Assuming that the Target does not issue any new Target Shares prior to Completion, the maximum number of Additional Shares which may be allotted pursuant to the New Issue will represent approximately 52.32% of the Company's current registered issued share capital. Assuming Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, the maximum number of Additional Shares which may be issued and allotted pursuant to the New Issue will represent approximately 50.45% of the Company's current registered issued share capital. If Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and all of such Warrant Holder and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement, the maximum number of Additional Shares which may be issued and allotted pursuant to the New Issue will represent approximately 54.03% of the Company's current registered issued share capital.

As the New Issue is conditional on the Acquisition and the Whitewash Waiver, Independent Shareholders interested in the Acquisition and the Whitewash Waiver of the Company will be required to abstain from voting on the ordinary resolution in relation to the specific mandate for the New Issue to be considered at the EGM.

Terms of the New Issue

Maximum number of the Additional Shares

Assuming that the Target does not issue any new Target Shares prior to Completion, the maximum number of Additional Shares which can be allotted and issued pursuant to the New Issue is 1,022,387,094 Shares which represents 20% of the total number of issued Shares if enlarged by the issue of the Consideration Shares.

Assuming Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, the maximum number of Additional Shares which can be allotted and issued pursuant to the New Issue is 985,771,888 Shares which represents 20% of the total number of issued Shares if enlarged by the issue of the Consideration Shares.

If Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and all of such Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement, the maximum number of Additional Shares which can be allotted and issued pursuant to the New Issue is 1,055,628,357 Shares which represents 20% of the total number of issued Shares if enlarged by the issue of the Consideration Shares.

Issue of the Additional Shares pursuant to the New Issue

If the specific mandate for the New Issue is approved, the Directors can allot and issue all or some of the Additional Shares at any time and from time to time before the expiry date of the New Issue as described below on such terms and conditions as the Directors consider to be appropriate and in the best interests of the Company and Independent Shareholders as a whole and subject to the other conditions, including size, timing and price, as mentioned below.

The price at which any or all of the Additional Shares may be allotted and issued by the Directors under the New Issue will be determined by reference to the prevailing market price of the Shares at the time of offering and all other relevant market considerations. Such price will in any event not represent a discount of 20% or more to the benchmarked price (as set out in Rule 13.36(5) of the Listing Rules) of the Shares.

Approval of the Independent Shareholders

The specific mandate for the New Issue is subject to the approval being obtained from the Independent Shareholders by way of an ordinary resolution at the EGM.

Other conditions

Any allotment and issue of any Additional Shares pursuant to the New Issue is subject to the following conditions:

- (a) any Additional Shares to be allotted and issued pursuant to the New Issue having been offered to investors who are independent of and not connected with the Company and the Directors, chief executive and substantial shareholder of the Company and its subsidiaries and/or any of their respective associates or any connected persons; and
- (b) the listing of, and permission to deal in, any Additional Shares to be allotted and issued pursuant to the New Issue having been granted by the Hong Kong Stock Exchange.

Lapse of the specific mandate for the New Issue

The proposed specific mandate for the New Issue, if approved by the Independent Shareholders at the EGM, will lapse on the date falling six months after the passing of the ordinary resolution to approve the specific mandate for the New Issue at the EGM, irrespective of whether any Additional Shares covered by the New Issue have been allotted and issued in full or not.

Investors should be aware that any issue of Additional Shares pursuant to the New Issue is subject to the satisfaction of a number of terms and conditions which are more particularly set out above. There is no assurance that any of the conditions will be fulfilled. Investors should therefore exercise caution when dealing in the Shares.

The Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the proposed specific mandate for the New Issue is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Issue.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands as an exempted company with limited liability on 12 April 2007. The Group is primarily engaged in the mining, processing and manufacturing of natural thenardite products. Thenardite is an important raw material used to manufacture chemical and light industrial products. The Group is focused on the production and sale of medical and specialty thenardite.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

The following table sets out the shareholding interests in the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that (a) none of the outstanding share options of the Company granted under the Share Option Schemes are exercised; (b) none of the Vendors (and their associates) sell their Shares; (c) the Company does not issue any new Shares other than the Consideration Shares; and (d) the Target does not issue any new Target Shares prior to Completion), where:

- Scenario A applies in the event that the Target does not issue any new Target Shares prior to Completion and none of the Non-Selling Shareholders accedes to the Sale and Purchase Agreement in which case the Company will acquire 95.00% of the issued share capital of the Target;
- Scenario B applies in the event that Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and neither any Warrant Holder nor BOCOM nor any Non-Selling Shareholder accedes to the Sale and Purchase Agreement in which case the Company will acquire approximately 89.49% of the issued share capital of the Target; and
- Scenario C applies in the event that Target Shares representing approximately 2.57% of the Target's fully diluted share capital are issued to the Warrant Holders and Target Shares representing approximately 3.23% of the Target's fully diluted share capital are issued to BOCOM before Completion, and all Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement in which case the Company will acquire 100% of the issued share capital of the Target.

Beneficial Shareholder	Notes	As at the date of this announcement		Immediately after Completion					
		No. of issued Shares	Approximate %	Scenario A		Scenario B		Scenario C	
				No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %
Mr. Suo Lang Duo Ji and parties acting in concert with him (including the Concert Parties)	1	892,156,114	45.66%	3,795,659,758	74.25%	3,627,337,851	73.59%	3,627,337,851	68.72%
Morgan Stanley	2	-	-	254,504,329	4.98%	239,750,205	4.86%	239,750,205	4.54%
Non-Selling Shareholders		-	-	-	-	-	-	156,571,000	2.97%
BOCOM		-	-	-	-	-	-	107,232,503	2.03%
Warrant Holders		-	-	-	-	-	-	85,478,841	1.62%
Public	3	1,061,771,384	54.34%	1,061,771,384	20.77%	1,061,771,384	21.54%	1,061,771,384	20.12%
Total		1,953,927,498	100.00%	5,111,935,472	100.00%	4,928,859,439	100.00%	5,278,141,784	100.00%

Notes:

- (1) The shareholdings of Mr. Suo Lang Duo Ji and parties acting in concert with him (including the Concert Parties) and their respective associates are as follows:

Beneficial Shareholders	Notes	As at the date of this announcement		Immediately after Completion					
		No. of issued Shares	Approximate %	Scenario A		Scenario B		Scenario C	
				No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %
Mr. Suo Lang Duo Ji	a	742,063,114	37.98%	1,997,849,530	39.08%	1,925,049,082	39.06%	1,925,049,082	36.47%
Mr. Wang Chun Lin and his wife	b	36,131,000	1.85%	151,311,309	2.96%	144,634,077	2.93%	144,634,077	2.74%
Mr. Zhang Songyi and his wife	c	27,664,000	1.42%	498,249,000	9.75%	470,968,247	9.56%	470,968,247	8.92%
Moonchu	d	86,298,000	4.42%	276,306,095	5.41%	265,290,946	5.38%	265,290,946	5.03%
Mr. Wan Keung	e	-	-	289,227,446	5.66%	272,460,353	5.53%	272,460,353	5.16%
Yang Huaijin and Cao Zhong	f	-	-	122,678,125	2.40%	115,566,229	2.34%	115,566,229	2.19%
Li Feng, Liu Meifang, Li Bing, Chan Tim Shing, Jiang Guorong	g	-	-	86,775,235	1.70%	81,744,701	1.66%	81,744,701	1.55%
Wu Chi Pan	h	-	-	69,017,129	1.35%	65,016,069	1.32%	65,016,069	1.23%
Qin Ke Bo	i	-	-	62,742,883	1.23%	59,105,552	1.20%	59,105,552	1.12%
Song Jifeng	j	-	-	34,134,871	0.67%	32,156,004	0.65%	32,156,004	0.61%
Cheng Zai Zhong	k	-	-	15,685,721	0.31%	14,776,388	0.30%	14,776,388	0.28%
Ho Ying	l	-	-	9,411,432	0.18%	8,865,833	0.18%	8,865,833	0.17%
Wang Jianfeng	m	-	-	9,411,432	0.18%	8,865,833	0.18%	8,865,833	0.17%
Zhang Weibing	n	-	-	6,648,419	0.13%	6,262,997	0.13%	6,262,997	0.12%
Zhang Yinghua	o	-	-	416	0.00%	391	0.00%	391	0.00%
Chung Mei Chai and Chu Chuang Chieh	p	-	-	166,210,716	3.25%	156,575,149	3.18%	156,575,149	2.97%

- (a) The 37.98% interest of Mr. Suo Lang Duo Ji as at the date of this announcement is held through Nice Ace, a company which is ultimately beneficially wholly-owned by Mr. Suo Lang Duo Ji. In Scenario A, the 39.08% interest of Mr. Suo Lang Duo Ji immediately after Completion is held as to 14.52% through Nice Ace, 24.57% through Ascend, and less than 0.01% through his personal holding. In Scenario B, the 39.06% interest of Mr. Suo Lang Duo Ji immediately after Completion is held as to 15.06% through Nice Ace, 24.00% through Ascend, and less than 0.01% through his personal holding. In Scenario C, the 36.47% interest of Mr. Suo Lang Duo Ji immediately after Completion is held as to 14.06% through Nice Ace, 22.41% through Ascend, and less than 0.01% through his personal holding.
- (b) The 1.85% interest of Mr. Wang Chun Lin and his wife, Ms. Caroline Chan Hiu Lai, as at the date of this announcement is held through AAA Mining Limited, a company which is ultimately beneficially owned as to 50% by Mr. Wang Chun Lin and as to 50% by his wife. In Scenario A, the 2.96% interest of Mr. Wang Chun Lin and his wife immediately after Completion is held as to 0.71% through AAA Mining Limited and 2.25% through Triple A Investments. In Scenario B, the 2.93% interest of Mr. Wang Chun Lin and his wife immediately after Completion is held as to 0.73% through AAA Mining Limited and

2.20% through Triple A Investments. In Scenario C, the 2.74% interest of Mr. Wang Chun Lin and his wife immediately after Completion is held as to 0.68% through AAA Mining Limited and 2.06% through Triple A Investments.

- (c) The 1.42% interest of Mr. Zhang Songyi and his wife, Ms. Mui Bing How, as at the date of this announcement is held through Mandra Esop, a company which is ultimately beneficially owned as to 50% by Mr. Zhang Songyi and as to 50% by his wife. In Scenario A, the 9.75% interest of Mr. Zhang Songyi and his wife, immediately after Completion is held as to 1.46% through Mandra Esop and 8.29% through Mandra Materials. In Scenario B, the 9.56% interest of Mr. Zhang Songyi and his wife, immediately after Completion is held as to 1.46% through Mandra Esop and 8.09% through Mandra Materials. In Scenario C, the 8.92% interest of Mr. Zhang Songyi and his wife, immediately after Completion is held as to 1.36% through Mandra Esop and 7.56% through Mandra Materials.
- (d) The interest of Moonchu as at the date of this announcement is held through Mandra Mirabilite Limited, a company which is wholly owned by Woo Foong Hong which in turn is wholly owned by Moonchu. In Scenario A, the 5.41% interest of Moonchu immediately after Completion is held as to 3.72% through Woo Foong Hong (excluding its indirect holding through Mandra Mirabilite Limited) and as to 1.69% through Mandra Mirabilite Limited. Moonchu is a tax exempt charity established by Mr. Zhang Songyi and his family. In Scenario B, the 5.38% interest of Moonchu immediately after Completion is held as to 3.63% through Woo Foong Hong (excluding its indirect holding through Mandra Mirabilite Limited) and as to 1.75% through Mandra Mirabilite Limited. In Scenario C, the 5.03% interest of Moonchu immediately after Completion is held as to 3.39% through Woo Foong Hong (excluding its indirect holding through Mandra Mirabilite Limited) and as to 1.64% through Mandra Mirabilite Limited.
- (e) The interest of Mr. Wan Keung immediately after Completion is held through Sky Success, a company which is ultimately beneficially wholly-owned by Mr. Wan Keung.
- (f) The interest of Yang Huaijin and Cao Zhong immediately after Completion is held through Fine Talent Group Limited, a company which is owned by Yang Huaijin and Cao Zhong as to 94.00% and 6.00% respectively.
- (g) The interest of Li Feng, Liu Meifang, Li Bing, Chan Tim Shing and Jiang Guorong immediately after Completion is held through Unique Speed Investments Limited, a company which is owned by Li Feng, Liu Meifang, Li Bing, Chan Tim Shing and Jiang Guorong as to 41.92%, 23.98%, 17.96%, 11.97% and 4.17% respectively.
- (h) The interest of Wu Chi Pan immediately after Completion is held through Raybest Investment Ltd, a company which is ultimately beneficially wholly-owned by Wu Chi Pan.
- (i) The interest of Qin Ke Bo immediately after Completion is held through Marble King Investment Ltd, a company which is ultimately beneficially wholly-owned by Qin Ke Bo.
- (j) The interest of Song Jifeng immediately after Completion is held through Joint Peak Investments Limited, a company which is ultimately beneficially wholly-owned by Song Jifeng.
- (k) The interest of Cheng Zai Zhong immediately after Completion is held through Sino Reach Investments Limited, a company which is ultimately beneficially wholly-owned by Cheng Zai Zhong.
- (l) The interest of Ho Ying immediately after Completion is held through Orient Value Limited, a company which is ultimately beneficially wholly-owned by Ho Ying.
- (m) The interest of Wang Jianfeng immediately after Completion is held through Profuse Investment Holding Limited, a company which is ultimately beneficially wholly-owned by Wang Jianfeng.
- (n) The interest of Zhang Weibing immediately after Completion is held through True Express Limited, a company which is ultimately beneficially wholly-owned by Zhang Weibing.
- (o) The interest of Zhang Yinghua immediately after Completion is held through China-Land Biotech Holdings Limited, a company which is ultimately beneficially wholly-owned by Zhang Yinghua.

- (p) The interest of Chung Mei Chai and Chu Chuang Chieh immediately after Completion is held through Ying Mei, a company which is ultimately beneficially owned by Chung Mei Chai and Chu Chuang Chieh as to 60% and 40% respectively.
- (2) The interest of Morgan Stanley immediately after Completion is held through MS China. MS China is a wholly-owned subsidiary of Morgan Stanley Principal Investments, Inc., a wholly owned subsidiary of Morgan Stanley Fixed Income Ventures Inc., which in turn is wholly owned by Morgan Stanley.
- (3) As at the date of this announcement, the Company had 136,417,168 outstanding share options granted under the Share Option Schemes, carrying rights to subscribe for 136,417,168 Shares. Mr. Suo Lang Duo Ji, Mr. Zhang Songyi, and Mr. Wang Chun Lin held outstanding share options under the Post-IPO Share Option Scheme to subscribe for 800,000, 9,200,000 and 5,000,000 Shares respectively. Save for the aforesaid share options, the Company did not have any outstanding warrants, derivatives or securities convertible into Shares as at the date of this announcement. The shareholding structure shown in the above table has assumed no exercise of such share options.

INFORMATION ON THE TARGET GROUP

Pursuant to the Sale and Purchase Agreement, the Company will acquire from the Vendors the Sale Shares which, upon Completion, represent up to 95.00% but not less than 89.49% of the equity interest in the Target, subject to the terms of the Sale and Purchase Agreement.

If Target Shares are issued to any Warrant Holder and/or BOCOM before Completion and all of such Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement, the Company will acquire from the Vendors the Sale Shares and from such Warrant Holders, BOCOM and Non-Selling Shareholders the Target Shares held by them, and, accordingly, the Company will acquire 100% of the equity interest in the Target, subject to the terms of the Sale and Purchase Agreement.

Target Group Structure

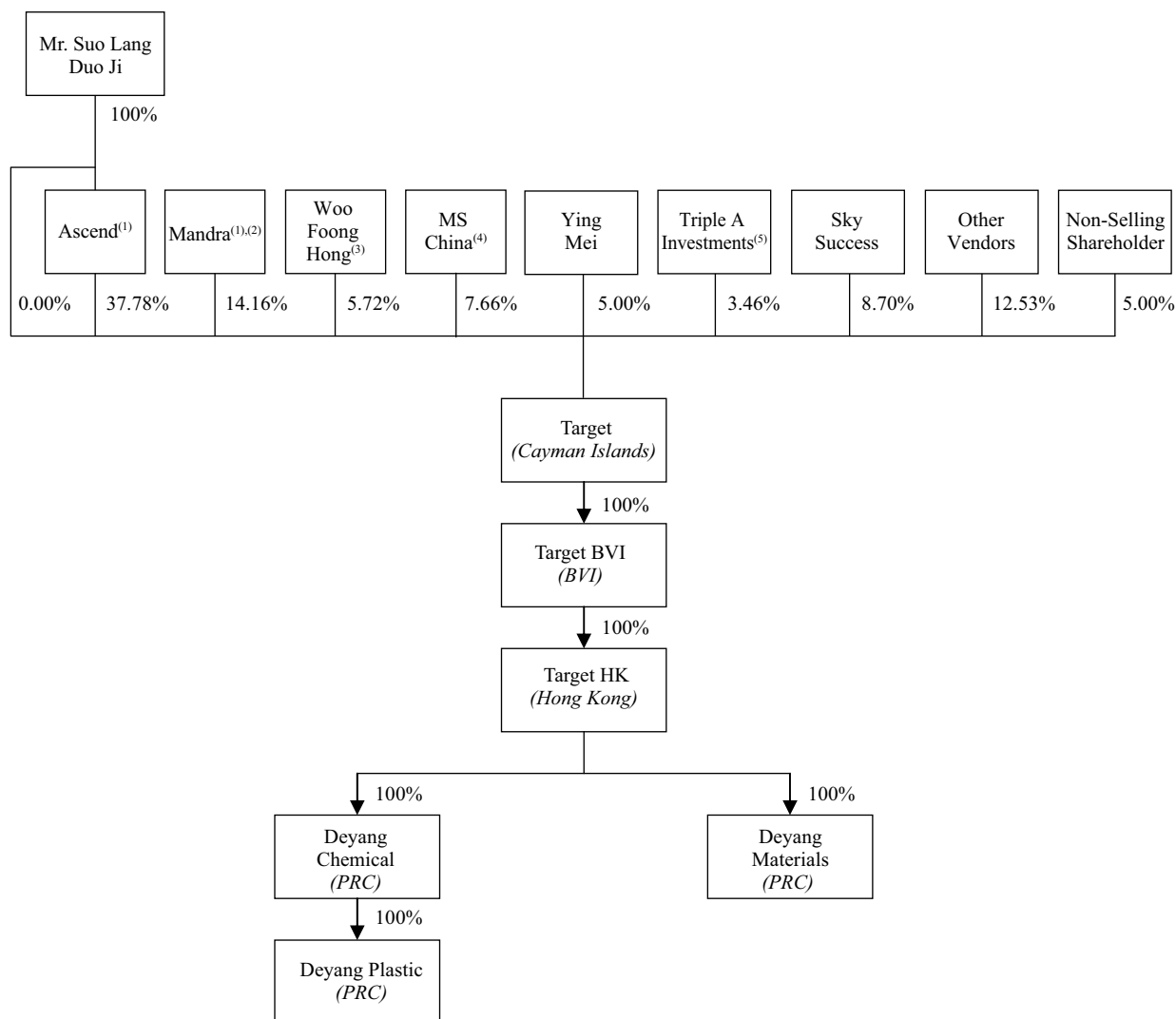
Target is a company incorporated in the Cayman Islands on 22 August 2006. The principal business of Target is investment holding. The Target is the holding company of the Target Group.

The sole asset of Target is the entire issued share capital of Target BVI, a company incorporated in the BVI on 16 August 2006, which is also an investment holding company, and in turn through Target HK, a company incorporated in Hong Kong, holds the principal investments of the Target Group in the PRC, being the entire equity interest of each of Deyang Chemical and Deyang Materials, and, through Deyang Chemical, the entire equity interests of Deyang Plastic.

Deyang Chemical, Deyang Materials and Deyang Plastic were established in the PRC on 28 April 2006, 21 June 2007 and 14 March 2008, respectively. Target HK was incorporated in Hong Kong on 6 September 2007. As at the date of this announcement, the business scope of Deyang Chemical is the development, production and sales of PPS products, including PPS coating and PPS compounding products, the business scope of Deyang Materials is production of PPS resin, PPS fibre and sales of related products, and the business scope of Deyang Plastic is development of industrial plastic materials, provision of promotional services, intermediary services and technical examination of related technologies. However, other than the necessary business to maintain its corporate existence, Deyang Plastic has not been engaged in any substantial business activities since its date of incorporation.

The shareholding structure of the Target Group before and after Completion

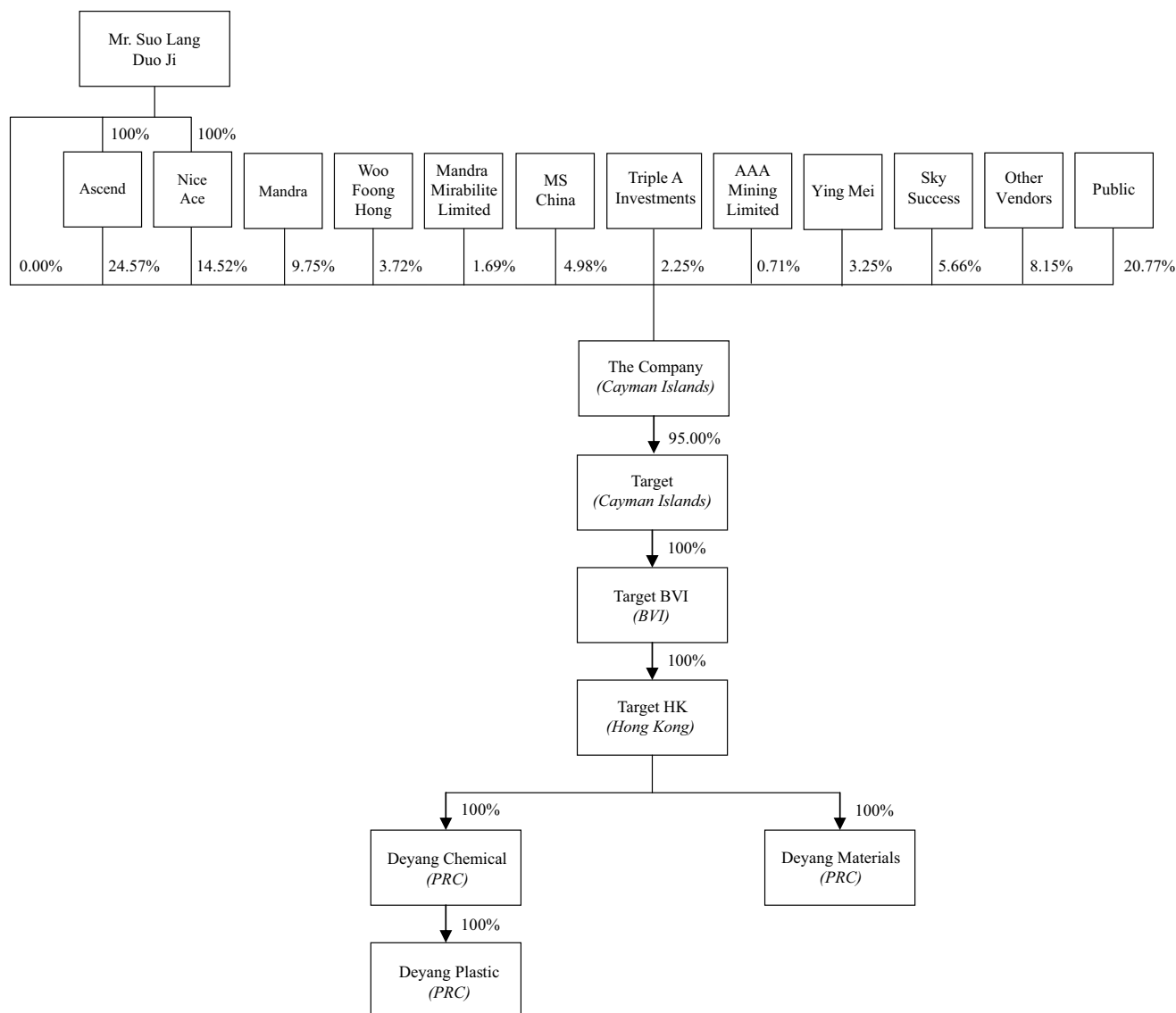
The following diagram illustrates the shareholding of the Target Group immediately before Completion (assuming that the Target does not issue any new Target Shares prior to Completion and none of the Non-Selling Shareholder accedes to the Sale and Purchase Agreement):



Notes:

- (1) As at the date of this announcement, Ascend owns approximately 47.17% of the issued share capital of the Target. It has been agreed by Ascend and Mandra for Ascend to transfer to Mandra 7,517,157 ordinary shares in the Target representing 9.40% of the share capital of the Target in issue on the date of this announcement (“Ascend’s Transfer”). As at the date of this announcement, Ascend’s Transfer has not been completed. It has been agreed by Ascend and Mandra to complete the share transfer on 9 November 2010. Percentage of shareholdings of Ascend and Mandra in the Target has reflected the completion of Ascend’s Transfer.
- (2) Mandra comprises (i) Mandra Esop, which, as at the date of this announcement, owns approximately 1.42% of the issued share capital of the Target and (ii) Mandra Materials, which as at the date of this announcement owns approximately 3.34%, and after 9 November 2010 will own approximately 12.74% of the issued share capital of the Target. Each of Mandra Esop and Mandra Materials is ultimately beneficially owned as to 50% by Mr. Zhang Songyi and as to 50% by Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife).
- (3) Woo Foong Hong is ultimately beneficially owned by Moonchu, a tax exempt charity established by Mr. Zhang Songyi and his family.
- (4) MS China is a wholly-owned subsidiary of Morgan Stanley Principal Investments, Inc., a wholly owned subsidiary of Morgan Stanley Fixed Income Ventures Inc., which in turn is wholly-owned by Morgan Stanley.
- (5) Triple A Investments is ultimately beneficially owned as to 50% by Mr. Wang Chun Lin, a non-executive Director, and as to 50% by his wife, Ms. Caroline Chan Hiu Lai
- (6) Due to rounding, the shareholding interests held in the Target as set out above are approximate figures.

The following diagram illustrates the shareholding structure of the Target Group immediately after Completion (assuming that (a) none of the outstanding share options of the Company granted under the Share Option Schemes are exercised; (b) none of the Vendors (and their associates) sell their Shares; (c) the Company does not issue any new Shares other than the Consideration Shares; and (d) the Target does not issue any new Target Shares prior to Completion and none of the Non-Selling Shareholder accedes to the Sale and Purchase Agreement):



Business Overview

The Target Group is one of the largest PPS resin producers in terms of production capacity in the world and principally engaged in the production, development and sales of PPS resin, PPS compounds and PPS fibre. PPS is a crystalline and wholly aromatic polymer characterised by outstanding chemical resistance, thermal and dimensional stability, flame retardance and electrical properties. PPS belongs to a group of high performance thermoplastics (HPTPs), which are high-priced, low-volume polymers that are sold for use in specialised applications that require a combination of extraordinary properties. PPS stands out among HPTPs on a price/performance basis, especially when flame or chemical resistance is required. Thus, PPS is often the material of choice in various industries where there is a hot and corrosive environment. It is most often selected to replace metals. PPS is widely used in electrical and electronic applications, automotive applications, industrial applications, coatings, filters and filter bags.

Products

The Target Group produces PPS resin, compounds and fibre. PPS compounds have been a major component of turnover for the Target Group, accounting for approximately 64.0%, 56.0%, 63.9%, 57.3% and 71.6% for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010, respectively. The Target Group began commercial production of PPS fibre in 2007 and sales of PPS fibre accounted for 2.2%, 19.0%, 22.2%, 30.9% and 17.2% of turnover for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010, respectively. The sales of the three grades of PPS resin accounted for approximately 33.8%, 24.0%, 13.5%, 11.2% and 11.2% of turnover for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010, respectively. Thenardite is the principal raw material for the production of PPS.

Currently, the Target Group produces three grades of PPS resin (namely injection moulding-grade, coating-grade and fibre-grade), three grades of granular resin, nine grades of glass fibre-reinforced compounds, two grades of glass bead-filled compounds, three grades of filled and reinforced compounds, eight grades of PTFE (polytetrafluoroethylene) filled compounds and lubricating properties, and four grades of high-toughness compounds. In addition, the Target Group has recently been producing film grade PPS resins and a few specialty grades aiming at insulator applications for subways. The Target Group's injection moulding PPS resin is used to produce PPS compounds, which are primarily used to replace metals and other materials in a number of applications. The Target Group's coating-grade PPS resin is primarily used to coat metal components and equipment primarily to resist corrosion. The Target Group's fibre-grade PPS resin is primarily used to produce stable PPS fibre and filament PPS fibre which in turn is produced into PPS filter cloth, which are primarily used by the customers of the Target Group to produce bags to filter smokestack emissions from coal-fired power plants, thermal plants and incinerators. The Target Group's film-grade PPS resin is supplied to a major company in the Republic of Korea for use in electronic applications and to a Chinese producer of solar cells.

PPS resin has broad applications in the following areas:

- **Industrial** – compared with conventional metal materials, PPS is more durable and more cost efficient in extreme environments and thus the need for alloys and stainless steel in mechanical parts boosts the consumption of PPS;
- **Electrical/electronics** – increased sales of home appliances and further application of circuit board miniaturisation and automation, and the need for parts suitable to surfaced mounted technology or parts made of aluminium and hot setting resin boosts the consumption of PPS;
- **Automotive/transportation** – PPS is more widely used for large-sized automotive injection moulding components as the development of die cast aluminium, hot setting resin and other substitutes to high performance engineering thermoplastics products continues;
- **Environmental protection** – one of the key applications of PPS fibre, an application of PPS with high value, is filter bags production as PPS fibre reduces dust emission in coal plants; and
- **Aeronautics/astronautics** – the aeronautics and astronautics industry requires equipment to withstand harsh working environments and high temperatures, thus boosting the demand for PPS resin.

Most of the customers of the Target Group are in the electrical/electronic, automotive/transportation, mechanical, chemical, aviation and environmental industries in the PRC. In 2009, Sino Polymer's sales volume by market segments was 27% in automotive, 25% in filter bags, 14% in aerospace, 14% in electrical and electronic, 10% in coatings, 4% in industrials and 6% in others. The management of Target Group estimates that the sales volume in the first half of 2010 by major end-use applications is approximately 31% in automotive market, 20% in filter bags, 17% in aerospace, 15% in electrical and electronics, 13% in coatings, 3% in industrials; and 1% in others. Domestic PRC sales have accounted for substantially all of the Target Group's sales revenue. In the PPS industry in general, electrical/electronics, automotive/transportation and industrial/machinery are ready markets in which end-use applications for PPS products are well established. The Board believes that the environmental (filter bags) industry represents a large growth opportunity for the Target Group, since the Target Group intends to increase its production volume of both PPS fibre and fibre-grade PPS resin. The products of the Target Group are sold under the brand name "Haton" and the trademark "Deyang".

Research and development capabilities and core technologies

The Target Group's independent research and development capabilities have led to the industrialisation of its production technologies of PPS related products and ultimately its large scale production of fibre-grade PPS resin, which in turn have enabled it to maintain its position in the market and its long-term competitiveness. As at the date of this announcement, the Target Group has developed more than 100 PPS related products, and is the registered owner of 5 patents and has applied for 16 invention patents which are PPS related production technologies. The Target Group has collaborated with large domestic end users and industry associations to develop new PPS products, and enhance existing PPS products. As at the date of this announcement, the Target Group has a total of 27 staff in the research and development department, of which 12 are from Deyang Materials and 15 are from Deyang Chemical.

PPS production patents and proprietary technologies of the Target Group include the following:

- fibre grade polyphenylene sulfide resin polymerisation process;
- high toughness polyphenylene sulfide composite granulate production process;
- product purification process in polyphenylene sulfide production; and
- recovery and utilisation of toxic medium of hydrogen sulfide waste in polyphenylene sulfide production.

The Board believes that new PPS demand could be generated by developing new products and the Target Group has been developing new products and applications with high profit margins. The Board believes that the Target Group has successfully produced low chlorine PPS and a new film-grade PPS resin, developed PPS filter cloth which is derived from PPS fibre, and developed new applications of PPS compound for subway insulators. The Board believes that demand for the Target Group's products will increase as a result of the construction of more subway systems in the PRC under the guidelines of the PRC government to build subway systems in cities with a population of more than six million. Moreover, the Target Group is currently involved in research and development projects relating to the application of PPS in solar panels and PPS profiles.

The Board believes that the Target Group's research and development enables future growth in new applications beyond the traditional automotive, electrical and electronics, and machinery markets where foreign producers have stronger historical presence. The Board believes that, while the Target Group has demonstrated competitiveness in these traditional markets, focusing on new applications can further differentiate the Target Group from foreign competitors as well as achieving higher profit margins.

Intellectual property rights

As at the date of the announcement, the Target Group has two registered trademarks, two registered patents, and 16 pending invention patent applications. The bulk of the Target Group's production expertise is in the form of technical know-how derived from industry experience, research and development, and recent experience with the expansion of the Target Group's production capacity. The Target Group has registered domain names at www.chinapps.com, www.haton.hk and www.haton.cn. All employees of the Target Group are required to enter into confidentiality agreements pursuant to which employees have given non-compete undertakings in favour of the Target Group for a period of two years after the termination of their employment.

Property interests

The Target Group possesses the land use rights of two parcels of land located in Shuangliu County, Sichuan Province and the ownership of the buildings thereon. The aggregate areas of such parcels of land and the buildings thereon is approximately 323,180 square meters, and the Target Group is in the process of obtaining the building ownership certificates of 7 buildings with an aggregate area of approximately 11,383 square meters. The term of such land use rights is 50 years and the buildings thereon were used as production facilities.

The Target Group also possesses the land use rights of two parcels of land located at Deyang City, Sichuan Province and the ownership of the buildings thereon. The aggregate areas of such parcels of land and the buildings thereon is approximately 299,461 square meters and approximately 33,865 square meters respectively. The term of such land use rights is 50 years. Out of the two parcels of land at Deyang City, one parcel with an aggregate area of approximately 34,000 square meters is used as staff quarters and the other parcel with an aggregate area of approximately 299,461 square meters is used for production facilities.

Production facilities and capacity

The Target Group owns and operates PPS resin production facilities at two plants located in Sichuan Province in the PRC. The following table summarises the production facilities of the Target Group as of 30 June 2010:

Name	Location	Product Types	Capacity (metric tons per annum)
Deyang Materials	Deyang City, Sichuan Province, PRC	injection moulding; coating-grade or fibre-grade PPS resin, as required	20,000
		injection moulding PPS resin	4,000
		PPS fibre	5,000
Deyang Chemical	Chengdu City, Sichuan Province, PRC	injection moulding; coating-grade or fibre-grade PPS resin, as required	6,000
		PPS compounds	30,000

As of 30 June 2010, the Target Group had a combined PPS resin production capacity of 30,000 metric tons per annum, PPS compounds production capacity of 30,000 metric tons per annum and PPS fibre production capacity of 5,000 metric tons per annum.

The Board believes that the Target Group has proven its capability in constructing and increasing PPS resin, compounds, and fibre production capacity. In 2006, the Target Group completed a new plant in Shuangliu, Chengdu with 6,000 metric tons of annual capacity for manufacturing fibre-grade PPS resin. In 2007, the Target Group completed a 4,000 metric ton facility for injection grades at a new site in Deyang for producing injection moulding grades. The new facility replaced the 1,300 metric ton line at an old site in Deyang. In early 2008, the Target Group completed and started production at a new PPS fibre plant, also at the new site in Deyang, with 5,000 metric tons of production capacity, of which 1,000 metric tons of capacity is for long fibres and 4,000 metric tons are for short fibres. The Target Group has achieved fibre capacity of 200, 2,500 and 4,500 metric tons in 2007, 2008 and 2009 respectively. The plant capacity was built based on producing PPS fibres with a density of 2.5 deniers, which is an industry measure of fibre thickness. In late 2008, the Target Group completed the construction of a new 20,000 metric ton plant in Deyang for producing fibre-grade PPS resins. Overall, the Board believes that the Target Group has built up its manufacturing capacity as planned at an impressive speed.

With the expected increasing demand of PPS in the PRC, upon Completion the Company plans to increase the Target Group's production capacity with two construction projects planned in 2011: (1) a PPS resin plant with an annual capacity of 25,000 metric tons and (2) a PPS fibre plant with an annual capacity of 15,000 metric tons.

Upon Completion, the Company plans that the Target Group starts a construction project of a PPS resin plant with an annual capacity of 25,000 metric ton in April 2011 and that the plant starts production in October 2012. Together with the existing production capacity of 30,000 metric tons, the Board believes that the Target Group's PPS resin production capacity will reach 36,250 metric tons in 2012 and 55,000 metric tons in 2013 and 2014.

Upon Completion, the Company plans that the Target Group starts a construction project of a PPS fibre plant with an annual capacity of 15,000 metric ton in October 2011 and that the plant starts production in 2012. Together with the existing production capacity of 5,000 metric tons, the Board believes that the Target Group's PPS fibre production capacity will reach 7,500 metric tons in 2012 and 20,000 metric tons in 2013 and 2014.

The Target Group uses its own PPS resin to produce PPS compounds and fibre. Different from its competitors, the Target Group is one of the most vertically integrated PPS products producers in the world.

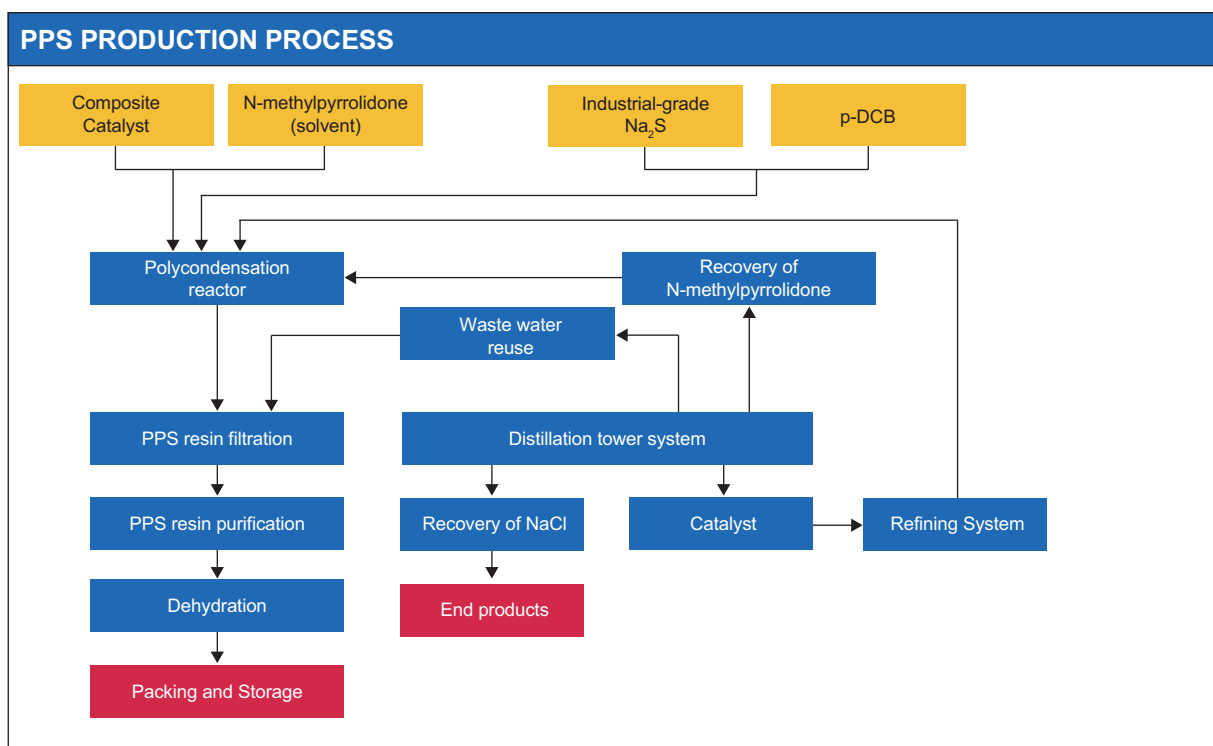
In May 2008, the Sichuan Province experienced an earthquake with a magnitude of 8.0 according to the State Seismological Bureau of China. The Target Group's primary facilities were approximately 57 kilometres away from the earthquake epicentre and sustained material but not catastrophic impact, and production was significantly disrupted. There were no worker-related injuries resulting from the earthquake and aftershocks. The Target Group formed an emergency response team after the earthquake and detailed safety inspections were performed by the Target Group in May 2008 and the Working Safety Administration Bureaus of Deyang and Chengdu performed their safety inspections in June 2008. As a direct result of the Sichuan earthquake, the Target Group incurred an impairment loss on its property, plant and equipment of approximately RMB167.1 million and a limited amount of raw material, work in progress and inventory losses included in the cost of sales in the financial year 2009. In December 2008, the Target Group has fully restored its production capacity.

Production

Mass production of PPS resin involves a very complicated production process. Requirements for raw material purity, reaction process and control of reaction conditions have further increased the complexity of industrial production of PPS resin.

PPS is produced through all three major production processes. The Target Group has self-developed PPS production technology with registered intellectual property rights for each of the three production processes in the PRC. The Target Group's volume production process is based on the raw materials of p-dichlorobenzene and sodium sulfide and a composite catalyst system, and production of molecular weight PPS through controlled reaction conditions.

The diagram below summarises the Target Group's PPS resin production process:



Product quality and environmental certification

The Target Group has established a strict quality control system and a set of quality control standards. It has obtained ISO9001:2000 quality management system certification for its PPS resin and compounds products. In addition, its products have passed UL and ROHS certification. The Target Group has established its own laboratory to perform quality assurance tests. Inspection and quality control are being carried out by its staff at each production stage, including (a) inspection of raw materials prior to acceptance for use; (b) examination of the product at each stage of production to ensure satisfactory production quality; (c) daily performance of an in-process test; and (d) conducting of a properties test on finished products to determine consistency and quality.

The Target Group has also obtained ISO14001:2004 environmental management system certification and OHSAS18001:1999 occupational health and safety administration certification with regard to its production and distribution of PPS resin and compound and other related management activities.

Capital expenditure

Following Completion, the Board plans to expand the production process of the Target Group by establishing a PPS resin facility with an annual production capacity of 25,000 tons and a fibre facility with an annual production capacity of 15,000 tons. The construction of the PPS resin facility is expected to commence in April 2011 and last for 1.5 years. The capital expenditure on the PPS facility is expected to total RMB1,512 million (2011: RMB706 million and 2012: RMB806 million). The construction of the fibre facility is expected to commence in October 2011 and last for 1 year. The capital expenditure on the fibre facility is expected to total RMB480 million (2011: RMB120 million and 2012: RMB360 million). The Board expects both the PPS facility and fibre facility to commence operations in October 2012.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the financial information of the Target Group based on the unaudited consolidated financial statements for the three years ended 31 December 2009 and six months ended 30 June 2009 and 30 June 2010, prepared in accordance with International Financial Reporting Standards.

	31 December 2007 Unaudited RMB'000	31 December 2008 Unaudited RMB'000	31 December 2009 Unaudited RMB'000	30 June 2009 Unaudited RMB'000	30 June 2010 Unaudited RMB'000
Profit from operation	299,337	194,278	761,251	133,539	623,260
Revaluation (loss) gain on investment properties	(1,338)	2,800	8,015	4,432	117
Change in fair value of embedded derivative instruments	(3,421)	(20,297)	(7,672)	(8,673)	6,084
Change in fair value of convertible note	-	-	1,898	-	20,461
Change in fair value of convertible redeemable preference shares	(26,260)	(74,883)	(486,700)	(277,795)	(199,328)
Finance costs	(294,121)	(109,925)	(102,901)	(49,969)	(87,483)
(Loss) profit before tax	(25,803)	(8,027)	173,891	(198,466)	363,111
Income tax expense	(16,963)	(700)	(27,810)	(9,474)	(89,951)
Net (loss) profit for the year/period ended 31 December/30 June	(42,766)	(8,727)	146,081	(207,940)	273,160
Adjusted net (loss) profit for the year/period excluding changes in fair value of financial instruments	(13,085)	86,453	638,555	78,528	445,943
(Net liabilities)/Net assets as at 31 December/30 June	(434,339)	(315,655)	(162,331)	(516,327)	2,296,799

In addition, the Target Group has generated total turnover of RMB486.7 million, RMB991.3 million, RMB1,537.2 million, RMB411.9 million and RMB1,063.7 million for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010, respectively. The Target Group also generated EBITDA (note) of RMB322.7 million, RMB488.3 million, RMB928.8 million, RMB219.8 million and RMB722.7 million for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010, respectively.

Note: EBITDA = operating profit + depreciation of PP&E + amortisation of prepaid lease payment, adjusted for other non-operating income which included bank interests, government grant, rental and sales of scrap materials and non-recurring expenses which included written-off/impairment on property, plant and equipment related to earthquake.

The financial figures for the Target Group contained in this announcement are based on the preliminary assessment by the Board in accordance with the unaudited financial accounts of the Target Group and are not based on any figures or information which has been audited by the Company's auditors. Audited financial figures will be disclosed in the circular to be dispatched by the Company.

Such unaudited financial figures constitute a profit forecast for the purpose of Rule 10 of the Takeovers Code and have therefore been reported on in accordance with Rule 10 of the Takeovers Code. The letters from BOCOM, the financial adviser to the Company, and Grant Thornton, the auditors of the Target, both dated 5 November 2010, have been lodged with the Executive.

REASONS FOR AND BENEFITS OF THE ACQUISITION TO THE GROUP

As disclosed in the Group's 2010 Interim Report, the Group has a strategy to "vertically integrate business by exploring downstream business expansion opportunities". The Board believes that the vertical integration of the Group and the Target Group, each being one of the leading players in their respective industry sectors, is in line with the Group's strategy and would allow the Enlarged Group to achieve additional growth and maximise shareholders' return.

With increased focus on high-end high performance specialty downstream products, the Board believes that the Acquisition will enable the Group to make a meaningful step in its stated strategic direction to focus on downstream thenardite products. The Board believes that the Acquisition will enable the Group to become one of the world-leading producers of high-end specialty materials, with a balanced product offering of approximately 49% thenardite and 51% PPS based on the revenues of the respective groups in the first half of 2010. In particular, it is the intention of the Board that the business of the Enlarged Group will focus on high performance applications.

The Board believes that the Group will broaden its sources of income from capturing a larger part of the business chain. The vertical integration will also strengthen the Group's ability to produce higher quality products and reduce cost through operational synergies. Lastly, the Board believes that the resulted diversification of the Group's business portfolio will also enhance the Group's resilience to fluctuations in the business environment.

The Board believes the following factors relating to the industry in which the Target Group operates are beneficial to the growth of the Group.

The PPS industry

Global PPS Supply and Demand

PPS belongs to a group of high performance thermoplastics (HPTPs), which are high-priced, low-volume polymers that are sold for use in specialised applications that require a combination of extraordinary properties. Thermoplastics for amorphous and semicrystalline materials are separated by different price/performance sectors: commodity thermoplastics, engineering thermoplastic compounds (with ABS compounds included) and high performance thermoplastics. PSS belongs to the last group, along with PSU, PEI, PES, PA46, and PEEK.

PPS competes with a wide variety of materials, including metals (e.g., stainless steel, brass, aluminum and alloys), thermoplastic polyesters (PBT and PCT), nylons, epoxies, and other high performance thermoplastics (LCPs, polyphthalamides, and nylon 46). However, PPS's chemical resistance distinguishes it from other competitors. Few materials can match PPS's ability to tolerate hot, humid and corrosive conditions. The polymer is specified for many demanding applications because of its chemical resistance, excellent heat deflection temperature (HDT), good electrical properties, light weight and ease of fabrication relative to metals.

Electrical and Electronic Applications

PPS has wide uses in electrical and electronic (E&E) markets. In China, PPS is widely used in electrical appliance components. In recent years, an important trend in manufacturing electronic components is the use of lead-free solder, which requires plastic parts involved in the soldering process to withstand temperatures between 240-260°C. PPS not only satisfies the high-temperature requirement but also its inherent flame resistance and electrical properties make it a preferred and most cost-effective choice in this application. Another increasing requirement for PPS in E&E applications is low chlorine content. Chlorine in PPS comes from two sources – sodium chloride impurity left as a polymerization by-product and bound chlorine which still bonds to the polymer molecules. High chlorine may cause corrosion in electronic circuits. Also, the European WEEE regulation specifies a limit of less than 900 ppm in E&E plastic components.

Automotive Applications

PPS is increasingly used in the automotive industry where resistance to fuel, antifreeze and transmission and brake fluids at high under-the-hood temperatures is required. In June 2010, the Chinese government announced a trial program to subsidize environmentally friendly vehicles in five cities as part of efforts to reduce emissions and save energy. The Board believes that PPS demand will benefit from the overall growth in auto production and the drive to improve fuel economy requires more plastics usage per vehicle. In particular, the Board believes that hybrid vehicles, due to higher under-the-hood temperatures will demand higher usage of PPS.

Industrial Applications

Industrial applications include oil field equipment, machine and appliance parts, pumps, valves and pipe fittings. These parts serve a mechanical function with heat or chemical resistance but no electrical function. PPS has benefited from the overall industry trend of replacing metals with plastics for weight reduction or better corrosion resistance. The Board believes that there are two potential bright spots for PPS demand in this market segment. First, PPS is increasingly used in making the carousel supporting ring for microwave ovens for its high-temperature and flame resistance. Secondly, PPS is replacing copper in valves and fittings for solar-powered water heaters.

Coatings

Coatings are used primarily for corrosion protection of ferrous metals in the chemical and construction industries. PPS coatings can be applied by slurry coating, electrostatic coating on cold or hot surfaces, powder flocking or fluidized bed coating. The industry has developed various coating processes such as suspension coating, powder coating, flame deposition and fusion deposition processes to accommodate a wide variety of coating parts.

Filters and Filter Bags

Major filter and filter bag applications include coal boilers at coal thermal power stations and dust chamber filters for use in incinerators. On the one hand, PPS competes with other high-end fibres such as aramid, PTFE, polyimides and other special fibres. PPS can withstand a temperature range of 160-180°C, and the prevailing temperature and acidic environment in coal-fired power plants, at a significantly lower cost. On the other hand, PPS competes with low-cost glass fibre or other organic fibres. PPS offers better heat and chemical resistance and longer service life. Typically PPS filter bags have a three-year service life versus six months for glass fibre. It significantly reduces maintenance costs and downtime in power and heat generation plants and PPS fibre has been found to be a preferred filter material for reducing dust emission in coal-fired power plants which represent the majority of power generation in China. The Chinese government issued the new Standard for Air Pollutants Discharge in Coal-Fired Power Plants (GB13223-2003) in 2003 where it reduced the discharge limits of particulates from 200 mg/Nm³ to 50 mg/Nm³. In July 2009, the Chinese government announced a draft new standard, GB13223-2010, for comments to further reduce the discharge limit of particulates from 50 mg/Nm³ to 30 mg/Nm³. The Board believes that the new regulation will provide continuing impetus for PPS demand in the filter bags application in the next years. Moreover, since the average life for PPS filter bags is about three years, the Board believes that there will be additional demand for replacing the bags installed in the previous years.

Aerospace Applications

Due to its unique combination of properties, PPS qualifies for a number of defence or aerospace related applications. PPS composites have been used in making rudders and elevation in jets and fuselage and wing in airplanes. The Board believes that PPS composites will find greater use in airplane manufacturing in China. In addition, PPS finds many other applications where its price/performance ratio makes sense to replace metal parts for weight reduction in military equipment.

Competition

The Directors believe that the large-scale production capacity of the Target Group and the close proximity to its customer base and key suppliers of raw materials, place the Target Group in a better position than other foreign competitors to benefit from the growth in demand for PPS products in China.

Strength of the Target Group

The Board believes that the Target Group is able to compete effectively and to capitalise on the long-term growth in the PPS industry due to the Target Group's competitive strengths described in more detail below:

A leading and focused PPS producer

The Target Group is one of the largest PPS resin producers globally in terms of production capacity. Different from its competitors, the Target Group is a pure-play PPS producer and one of the most vertically integrated PPS producers having the capability to produce various grades of resins, compounds, fibres, films, papers, and composites. The Board believes that the Target Group's economies of scale, leading market share, advanced technology as well as focused and integrated operations ensures the Target Group's competitive advantage in the PPS industry in the PRC.

Competitive advantages as a domestic producer

The Target Group mainly competes with foreign PPS producers in the PRC. The Board believes that being a domestic producer provides the Target Group with easy access to a steady supply of raw materials from local suppliers, which facilitates the timely delivery of its products to customers, of which more than 95% are located in the PRC, reduces transportation expenses and enhances its understanding of customer needs, PRC market developments and the PRC regulatory environment. The Board believes that the Target Group with its large-scale production capacity and close proximity to its customer base and key raw materials suppliers, is well positioned to benefit from the growth in demand for PPS products in the PRC compared to its foreign competitors.

Proprietary technology and strong research and development capabilities

As at the date of the announcement, the Target Group has two registered trademarks, two registered patents and 16 pending invention patent applications. The Target Group has filed 12 process patents on manufacturing methods with the Chinese Patent Office, of which four were on PPS fibres or surface treatment of fibres, five were on preparation of PPS compounds, one was on PPS paper, and two were on PPS composites. Six of these applications are in the examination stage and the other six have been accepted for examination. The Target Group has focused on collaborative research and development with large domestic end users and industry associations, which has helped it to capture domestic customers and develop new applications. The Board believes that while the Target Group has demonstrated its competitiveness in traditional PPS applications, focusing on new applications based on its research and development can further differentiate it from foreign competitors.

Experienced management with proven track record

The management team of the Target Group has years of experience in the PRC's PPS and chemical industries, which facilitate focused marketing efforts, strategic relationships with key industry participants, superior quality assurance, stringent cost controls and an in-depth knowledge of the PRC market and regulatory environment. Although the Target Group is a relatively new PPS producer compared to its foreign competitors, it has built up its manufacturing capacities within four years, and has demonstrated its capability in producing high quality PPS resins, compounds and fibres. It has also been rapidly growing its market share in the PRC in competition with its foreign competitors. The Board believes the Target Group is led and managed by a group of highly competent managers and engineers, which form a key part of the Target Group's competitive strengths.

Vertical integration synergies of the Enlarged Group

It is the intention of the Directors that, following Completion, the Group will continue its current business, i.e., the mining, processing and manufacturing of natural thenardite products, in parallel with the business of the Target Group, i.e. the production of PPS. However, one of the two principal feedstocks necessary to produce PPS is sodium sulfide. Through a de-oxidation process, sodium sulfide can be produced directly from sodium sulfate, which is a purified form of thenardite which is currently produced by the Group.

The Board therefore believes that the Acquisition will enable the Group, through a strategic alliance with a processing agent, to supply the Target Group with sodium sulfide and thereby generate synergies through a vertical integration of the Enlarged Group, as described in more detail below:

Supply of sodium sulfide by the Group to the Target Group

As of the date of this Announcement, the Group does not supply any sodium sulfate to the Target Group, although the Group has an annual production capacity for sodium sulfate of 2.2 million tons as at 30 June 2010. The reason is that neither the Group nor the Target Group has the ability to convert sodium sulfate into sodium sulfide. Following Completion, the Group plans to set up strategic alliances with processing agents located in Sichuan Province to convert sodium sulfate produced by the Group into sodium sulfide, which can be then used by the Target Group to produce PPS. The Board believes that this will enable the Enlarged Group to internally source all sodium sulfide required for PPS production and ensure optimal product quality and operational efficiency.

Production of higher purity PPS

The Target Group produces regular grades of PPS using regular grades of sodium sulfide feedstock. There is a small part of the PPS business that is based on processing PPS resin as a thin film, and using it in the electronics business for lithium ion battery separators, in membranes, and laminating film for photovoltaic modules. These premium applications require higher purity PPS, which also commands a much higher price. The Board believes that the Target Group will be able to produce higher purity PPS used in electronics applications if a higher quality of sodium sulfide were sourced, which mainly depends on high quality sodium sulfate. Following Completion, the Group plans to supply high quality sodium sulfate, through the planned strategic alliances with processing agents, to the Target Group which the Board believes will help the Target Group to produce higher purity PPS and achieve premium prices.

Reducing the Target Group's logistics cost for purchase of sodium sulfide

Currently, the Target Group purchases sodium sulfate from an external sodium sulfate producer located in Sichuan Province. The sodium sulfate purchased is transported from Shanxi Province to Sichuan Province by rail. As both the Target Group and the Group are located in Sichuan, the Board believes that the Acquisition would enable the Enlarged Group, through planned strategic alliances with processing agents located in Sichuan Province, to reduce the Target Group's logistics costs for purchase of sodium sulfide.

Based on the above, the Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

POSSIBLE GRANT OF SHARE OPTIONS TO CERTAIN DIRECTORS AND EMPLOYEES OF THE TARGET GROUP

As provided in the Sale and Purchase Agreement, subject to and at Completion, the Company shall deliver to each of the Vendors a true copy of the Board's resolutions in effect at Completion, approving, among others, the granting of the share options under the Post-IPO Share Option Scheme to subscribe for an aggregate of 175,920,000 Shares (representing approximately 9.0% of the total issued share capital of the Company as at the date of this announcement) to certain directors and employees of members of the Target Group (the "Proposed Grantees") on either (A) the Completion Date; or (B) in case the Completion Date falls within the period (the "Black-

out Period”) as referred to in Rule 17.05 of the Listing Rules during which the Company is not permitted to grant any share options, the date immediately after the expiry date of the Black-out Period; or (C) in case the Stock Exchange raises any objection to the Company’s proposed grant of share options on the Completion Date, such date as determined by the Board to be the earliest practicable date and agreed upon by the Stock Exchange (if any) or such other date as directed by the Stock Exchange (the “Date of Grant”).

As at the date of this announcement, there were outstanding share options to subscribe for an aggregate of 136,417,168 Shares under the Share Option Schemes (representing approximately 6.98% of the total issued share capital of the Company as at the date of this announcement). The existing scheme limit under the Post-IPO Share Option Scheme is 194,417,750 Shares which was re-set pursuant to the resolution passed by the Shareholders at the annual general meeting of the Company held on 15 June 2010. No share option has been granted by the Company since then. As such, the Company may grant share options to subscribe for up to 194,417,750 Shares under the existing scheme limit of the Post-IPO Share Option Scheme, which is sufficient to cater for the share options that may be granted to the Proposed Grantees on the Date of Grant. The Stock Exchange already granted to the Company its listing approval for such Shares on 21 June 2010. Save for the aforesaid share options, the Company did not have any outstanding warrants, derivatives or securities convertible into Shares as at the date of this announcement.

Should the Acquisition proceed to Completion, the Company shall be obliged to grant the share options to the Proposed Grantees on the Date of Grant. The exercise price for such share options shall be fixed on the Date of Grant pursuant to the terms of the Post-IPO Share Option Scheme. The share options shall be subject to a three-year vesting period in which 50%, 25% and 25% will vest in the first, second and third year respectively. Among the 175,920,000 share options to be granted, 31,800,000 of which will be granted to directors or members of the Target Group and the remaining 144,120,000 share options will be granted to employees. The Company will make an announcement as soon as possible upon granting of the share options on the Date of Grant pursuant to Rule 17.06A of the Listing Rules.

The Proposed Grantees comprise directors, managers, engineers and other employees of the Target Group who have extensive experience in PRC’s PPS and chemical industries and have contributed to the success of the Target Group. Following Completion, the Company will rely heavily on the performance of such experienced personnel or experts on operating the PPS production business. The Board therefore considers that the Proposed Grantees should be rewarded in a timely manner upon Completion so as to incentivise them for continued and improved services with the Enlarged Group.

INFORMATION ON THE VENDORS

The principal business of Ascend is investment holdings, and Mr. Suo Lang Duo Ji, who is the ultimate beneficial owner of Ascend which as at the date of this announcement holds approximately 47.17%, and which after 9 November 2010 will hold approximately 37.78%, of the issued share capital of Target, is also the registered and ultimate beneficial owner of less than 0.01% of the issued share capital of the Target.

The principal business of Triple A Investments is investment holdings, and Triple A Investments, which, as at the date of this announcement, is the beneficial owner of approximately 3.46% of the issued share capital of Target, is ultimately beneficially owned as to 50% by Mr. Wang Chun Lin, an non-executive Director of the Company, and as to 50% by his wife, Ms. Caroline Chan Hiu Lai.

The principal business of Mandra Materials is investment holdings, and Mandra Materials, which, as at the date of this announcement, is the beneficial owner of approximately 3.34%, and after 9 November 2010 will be the owner of approximately 12.74%, of the issued share capital of Target, is ultimately beneficially owned as to 50% by Mr. Zhang Songyi, a non-executive Director of the Company, and as to 50% by his wife, Ms. Mui Bing How.

The principal business of Mandra Esop is investment holdings, and Mandra Esop, which, as at the date of this announcement, is the beneficial owner of approximately 1.42% of the issued share capital of Target and approximately 1.42% of the issued share capital of the Company, is ultimately beneficially owned as to 50% by Mr. Zhang Songyi, a non-executive Director of the Company, and as to 50% by his wife, Ms. Mui Bing How.

The principal business of Woo Foong Hong is investment holdings, and Woo Foong Hong, which, as at the date of this announcement, owns approximately 5.72% of the issued share capital of Target, is ultimately beneficially owned by Moonchu, a tax exempt charity established by Mr. Zhang Songyi and his family.

The principal business of MS China is investment holdings, and MS China, which, as at the date of this announcement, holds approximately 7.66% of the issued share capital of Target, is ultimately beneficially owned by Morgan Stanley.

The principal business of China-Land Biotech Holdings Limited is investment holdings, and China-Land Biotech Holdings Limited, which as at the date of this announcement owns less than 0.01% of the issued share capital of Target, is ultimately beneficially wholly-owned by Zhang Yinghua.

The principal business of Unique Speed Investments Limited is investment holdings, and Unique Speed Investments Limited, which as at the date of this announcement owns approximately 2.61% of the issued share capital of the Target, is ultimately beneficially owned by Li Feng, Liu Meifang, Li Bing, Chan Tim Shing, Jiang Guorong as to 41.92%, 23.98%, 17.96%, 11.97% and 4.17% respectively.

The principal business of Fine Talent Group Limited is investment holdings, and Fine Talent Group Limited, which as at the date of this announcement owns approximately 3.69% of the issued share capital of Target, is ultimately beneficially wholly-owned by Yang Huaijin and Cao Zhong as to 94% and 6% respectively.

The principal business of True Express Limited is investment holdings, and True Express Limited, which as at the date of this announcement owns approximately 0.20% of the issued share capital of the Target, is ultimately beneficially wholly-owned by Zhang Weibing.

The principal business of Raybest Investment Limited is investment holdings, and Raybest Investment Limited, which as at the date of this announcement owns approximately 2.08% of the issued share capital of the Target, is ultimately beneficially wholly-owned by Wu Chi Pan.

The principal business of Marble King Investment Ltd. is investment holdings, and Marble King Investment Ltd., which as at the date of this announcement owns approximately 1.89% of the issued share capital of the Target, is ultimately beneficially wholly-owned by Qin Ke Bo.

The principal business of Profuse Investment Holdings Limited is investment holdings, and Profuse Investment Holdings Limited, which as at the date of this announcement owns approximately 0.28% of the issued share capital of the Target, is ultimately beneficially wholly-owned by Wang Jianfeng, a vice president of the Target.

The principal business of Joint Peak Investments Limited is investment holdings, and Joint Peak Investments Limited, which as at the date of this announcement owns approximately 1.03% of the issued share capital of the Target, is ultimately beneficially wholly-owned by Song Jifeng.

The principal business of Sino Reach Investments Ltd. is investment holdings, which as at the date of this announcement owns approximately 0.47% of the issued share capital of the Target, is ultimately beneficially by Cheng Zai Zhong, a vice president of the Target.

The principal business of Orient Value Limited is investment holdings, and Orient Value Limited, which as at the date of this announcement owns approximately 0.28% of the issued share capital of the Target, is ultimately beneficially wholly-owned by Ho Ying, a deputy general manager of the Group.

The principal business of Ying Mei is investment holdings, and Ying Mei, which as at the date of this announcement owns approximately 5.00% of the issued share capital of the Target, is ultimately beneficially owned by Chung Mei Chai and Chu Chuang Chieh as to 60.00% and 40.00% respectively.

Each of the Vendors (other than Ascend and Mr. Suo Lang Duo Ji, Triple A Investments, Mandra, Woo Foong Hong) and their respective ultimate beneficial owners is an Independent Third Party.

Save as disclosed above, the Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, the Vendors are third parties independent of (a) the Company and (b) connected persons of the Company for the purposes of the Listing Rules.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

Very Substantial Acquisition

As one or more of the applicable Percentage Ratios in respect of the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and will accordingly be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected Transactions

In addition, Mr. Suo Lang Duo Ji is a non-executive Director. Nice Ace is principally an investment holding company ultimately beneficially wholly-owned by Mr. Suo Lang Duo Ji. As at the date of this announcement, Nice Ace owns approximately 37.98% of the total share capital of the Company in issue as at the date of the announcement. Mr. Suo Lang Duo Ji is therefore a controlling shareholder of the Company as at the date of this announcement.

Ascend is principally an investment holding company ultimately beneficially wholly-owned by Mr. Suo Lang Duo Ji. Ascend owns, as at the date of this announcement, approximately 47.17%, and after 9 November 2010 will own approximately 37.78%, of the total issued share capital of the Target. Therefore, Nice Ace and Ascend are each an associate of Mr. Suo Lang Duo Ji and each of Nice Ace, Ascend and Mr. Suo Lang Duo Ji are a connected person of the Company for the purposes of the Listing Rules.

Accordingly, the transactions contemplated under the Sale and Purchase Agreement also constitutes connected transactions for the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Suo Lang Duo Ji is, through Nice Ace, ultimately beneficially interested in 742,063,114 Shares, being approximately 37.98% of the total issued share capital of the Company. In addition, as at the date of this announcement, Mr. Suo Lang Duo Ji is ultimately beneficially interested in 104 Target Shares, being less than 0.01% of the total issued share capital of the Target.

As at the date of this announcement, Mr. Suo Lang Duo Ji is also, through Ascend, ultimately beneficially interested in 37,739,405 Target Shares, being approximately 47.17% of the total share capital of the Target in issue as at the date of the announcement. After 9 November 2010 Mr. Suo Lang Duo Ji will be, through Ascend, ultimately interested in 30,222,248 Target Shares, being approximately 37.78% of the total share capital of the Target in issue as at the date of this announcement.

Mr. Suo Lang Duo Ji is therefore the controlling shareholder of the Company and the controlling shareholder of the Target. Mr. Suo Lang Duo Ji and his associates (including Nice Ace) are required to abstain from voting on the resolutions relating to the Acquisition, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM.

As at the date of this announcement, Mr. Wang Chun Lin, a non-executive Director, and his wife Ms. Caroline Chan Hiu Lai, each owns 50% of the issued capital of Triple A Investments. As at the date of the announcement, Triple A Investments owns 2,771,984 Target Shares, being approximately 3.46% of the total issued share capital of the Target. As at the date of this announcement, Triple A Investments also wholly owns AAA Mining Limited, which in turn owns 36,131,000 Shares, being approximately 1.85% of the Company. Accordingly, Mr. Wang Chun Lin and his associates (including AAA Mining Limited) are also required to abstain from voting on the resolutions relating to the Acquisition, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM.

As at the date of this announcement, Mr. Zhang Songyi, a non-executive Director, and his wife Ms. Mui Bing How, each own 50% of the issued capital of Beansprouts Ltd., which in turn wholly owns Mandra Esop. As at the date of this announcement, Mandra Esop owns 27,664,000 Shares and 1,132,530 Target Shares, being approximately 1.42% and 1.42% of the total issued share capital of the Company and the Target respectively.

Mandra Materials, which, as at the date of this announcement, owns 2,675,635 Target Shares, being approximately 3.34%, and after 9 November 2010 will own 10,192,792 Target Shares, being approximately 12.74%, of the share capital of the Target in issue as at the date of this announcement, is owned by Mr. Zhang Songyi and his wife/family. Accordingly, Mr. Zhang Songyi and his associates (including Mandra Esop) are also required to abstain from voting on the resolutions relating to the Acquisition, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM.

As at the date of this announcement, Mandra Mirabilite Limited, which owns 86,298,000 Shares, being approximately 4.42% of the total issued share capital of the Company, is wholly owned by Woo Foong Hong which in turn is wholly owned by Moonchu, a tax exempt charity established by Mr. Zhang Songyi and his family. As at the date of this announcement, Woo Foong Hong owns 4,572,825 Target Shares, being approximately 5.72% of the total issued share capital of the Target. Accordingly, Moonchu and its associates (including Mandra Mirabilite Limited) are also required to abstain from voting on the resolutions relating to the Acquisition, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM.

IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

Mr. Suo Lang Duo Ji and the Concert Parties together with their respective associates and parties acting in concert with any of them (including the Concert Party Entities) have not entered into any agreement or understanding (whether formal or informal) to actively cooperate to obtain or consolidate control of the Company through the acquisition of the Consideration Shares. In view of, among other things, the agreements described below, Mr. Suo Lang Duo Ji and the Concert Parties and their respective associates and parties acting in concert with any of them (including the Concert Party Entities) have, however, been deemed as parties acting in concert by the Executive.

Pursuant to a share transfer agreement entered into between Mandra New Materials (as seller) and Sky Success (as purchaser) on 15 October 2010, Mandra New Materials transferred 6,506,185 Target Shares to Sky Success. On 15 October 2010, Ascend (as seller) and Mandra Materials (as purchaser) entered into a share sale and purchase agreement regarding the sale and transfer of 7,517,157 Target Shares. Such share transfer is intended to be completed on or around 9 November 2010.

As regards 6,506,185 Target Shares, the business rationale for these share transfers is to provide an indirect share loan to Mr. Suo Lang Duo Ji for a limited period of time which can be used as collateral to procure financing for a payment to be made by Mr. Suo Lang Duo Ji to MS China under various agreements entered into in March 2010 between Mr. Suo Lang Duo Ji and MS China.

Currently, all of Ascend's Target Shares are pledged as collateral to secure the CS Facility. The CS Facility is about to become mature and will be refinanced through the Secured Fixed Rate Term Notes on 9 November 2010. Under the Secured Fixed Rate Term Notes, only certain parts of Ascend's Target Shares will be provided as collateral. After 9 November 2010, Ascend will therefore be able to sell or pledge certain parts of its Target Shares to a third party.

Against this background, Mandra New Materials, Mandra Materials, Ascend and Sky Success entered into the share transfer agreements described above which allowed Sky Success to procure a financing from an independent lender secured by a pledge over the Target Shares acquired from Mandra New Materials, and Sky Success agreed to provide funds to Mr. Suo Lang Duo Ji for him to settle the amount outstanding to MS China.

Immediately following the release of certain of Ascend's Target Shares following the refinancing of the CS Facility on 9 November 2010, Ascend will, as a repayment of the share loan provided by Mandra New Materials, transfer 7,517,157 Target Shares to Mandra Materials in lieu of the Target Shares transferred by Mandra New Materials Limited to Sky Success. Mr. Suo Lang Duo Ji and Sky Success have agreed that any interests and principal payments payable under the loan agreement procured by Sky Success are paid by Mr. Suo Lang Duo Ji, and that the 6,506,185 Target Shares transferred from Mandra New Materials to Sky Success (or following Completion, an equivalent number of Shares) should, upon repayment of the loan procured by Sky Success, be returned to Mr. Suo Lang Duo Ji or Ascend.

As regards the difference of 1,010,972 Target Shares between the number of Target Shares transferred from Mandra New Materials to Sky Success and the number of Target Shares to be transferred from Ascend to Mandra Materials the business rationale for the transfer of these additional 1,010,972 Target Shares by Ascend to Mandra Materials is to fulfil an outstanding obligation of Mr. Suo Lang Duo Ji to transfer such number of Target Shares to Mr. Zhang Songyi, which arises out of an agreement entered into between Mr. Suo Lang Duo Ji and Mr. Zhang Songyi in connection with a capital increase of Target in March 2010.

In March 2010, the Target's shareholders agreed on an increase of the share capital of the Target. The new Target Shares should be issued at par value. Mr. Suo Lang Duo Ji agreed with the Existing Shareholders, which intended to subscribe for Target Shares in the capital increase of Target, that Mr. Suo Lang Duo Ji would pay the subscription amounts for the Target Shares for and on behalf of the Existing Shareholders. Such payment of the subscription amounts was made as compensation because certain profit targets for the year 2008 set out in the Target's memorandum and articles were not met. At the same time, Mr. Suo Lang Duo Ji agreed with the New Shareholders that he would pay for the subscription amounts of the Target Shares to be acquired by the New Shareholders. Mr. Suo Lang Duo Ji and each of the New Shareholders have agreed that each New Shareholder will pay to Mr. Suo Lang Duo Ji on or before 30 June 2011 the subscription amounts paid by Mr. Suo Lang Duo Ji.

Pursuant to the agreement among the Target's shareholders, Mr. Zhang Songyi and his associates were entitled to subscribe for 1,010,972 Target Shares in the capital increase and Mr. Suo Lang Duo Ji had agreed that he would pay the subscription amount for such shares for and on behalf of the subscribing shareholder Mr. Zhang Songyi. Mr. Zhang Songyi and Mr. Suo Lang Duo Ji further agreed that Mr. Zhang Songyi would waive its entitlement to these 1,010,972 Target Shares on the condition that such shares are issued as consideration to a consultant which was intended to be engaged by the Target. As the Target decided not to engage such consultant, Mr. Zhang Songyi and Mr. Suo Lang Duo Ji finally agreed that such 1,010,972 Target Shares should instead be acquired by a new shareholder of Target, Marble King Investment Limited, and that Mr. Suo Lang Duo Ji should procure the transfer of an equivalent number of Target Shares from Ascend to any of Mr. Zhang Songyi's associates. Accordingly, pursuant to such agreement entered into between Mr. Suo Lang Duo Ji and Mr. Zhang Songyi in March 2010, Mr. Suo Lang Duo Ji is obliged to procure the transfer of 1,010,972 Target Shares to Mr. Zhang Songyi's associates.

Assuming no further Shares will be issued by the Company prior to the allotment and issue of the Consideration Shares upon Completion and no new Target Shares will be issued by the Target prior to Completion and none of the Non-Selling Shareholders accedes to the Sale and Purchase Agreement, the interests in the Company held by Mr. Suo Lang Duo Ji and the Concert Parties and their respective associates and parties acting in concert with any of them (including the Concert Party Entities), will increase from approximately 45.66% to approximately 74.25% of the issued share capital of the Company as enlarged by the Consideration Shares.

Mr. Suo Lang Duo Ji and the Concert Parties and parties acting in concert with any of them (including the Concert Party Entities) will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. Mr. Suo Lang Duo Ji and the Concert Parties will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code on the basis that, among other things, the Consideration Shares will be issued as the consideration for the Acquisition pursuant to the Sale and Purchase Agreement and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote to be taken by way of a poll whereby Mr. Suo Lang Duo Ji, the Concert Parties, their associates and parties acting in concert with any of them including the Concert Party Entities and any others who are involved in or interested in the Acquisition and the Whitewash Waiver will abstain from voting on the resolutions relating to the Acquisition and the Whitewash Waiver at the EGM.

Mr. Suo Lang Duo Ji and the Concert Parties have confirmed that they and/or the parties acting in concert with any of them and their respective associates (including the Concert Party Entities) have not acquired any voting rights in the Company within the six months prior to the date of this announcement and up to and including the date of this announcement.

As at the date of this announcement, the Company had 136,417,168 outstanding share options granted under the Share Option Schemes, carrying rights to subscribe for 136,417,168 Shares. Mr. Suo Lang Duo Ji, Mr. Wang Chun Lin and Mr. Zhang Songyi held outstanding share options under the Post-IPO Share Option Scheme to subscribe for 800,000 Shares, 5,000,000 Shares and 9,200,000 Shares respectively.

Save for the above, neither Mr. Suo Lang Duo Ji, the Concert Parties nor any of the Concert Party Entities and parties acting in concert with any of them were interested in any Shares, warrants, options, derivatives or securities convertible into the Shares as at the date of this announcement nor had they dealt in any Shares, warrants, options, derivatives or securities convertible into the Shares during the period commencing on the date falling six months prior to and up to and including the date of this announcement. Mr. Suo Lang Duo Ji, the Concert Parties and the Concert Party Entities have undertaken that they will not deal in the Shares, warrants, options, derivatives or securities convertible into the Shares during the period up to and including the Completion Date.

As at the date of this announcement, (i) neither Mr. Suo Lang Duo Ji, the Concert Parties nor the Concert Party Entities have received an irrevocable commitment to vote in favour of the Sale and Purchase Agreement (including the Acquisition and the procurement of the Company to issue the Consideration Shares) and the Whitewash Waiver; (ii) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the Acquisition and the Whitewash Waiver; (iii) there are no agreements or arrangements to which Mr. Suo Lang Duo Ji or any of the Concert Parties or the Concert Party Entities are party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition or the Whitewash Waiver (other than conditions precedent to the Agreement); and (iv) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which Mr. Suo Lang Duo Ji or any of the Concert Parties and any of the Concert Party Entities have borrowed or lent.

GENERAL INFORMATION

Independent Board Committee

The Company has established the Independent Board Committee, comprising of three independent non-executive Directors, namely Mr. Koh Tiong Lu, John, Mr. Wong Chun Keung and Mr. Xia Lichuan, to advise the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. Mr. Gao Zongze, an independent non-executive Director, is a supervisor of the Target. Although he is not involved in the management of the Target, such position conflicts with that of the Independent Board Committee. Therefore he is not included as a member of the Independent Board Committee. The non-executive Directors, namely Mr. Suo Lang Duo Ji, Mr. Wang Chun Lin and Mr. Zhang Songyi, each are shareholders of the Company and the Target, and accordingly have a direct interest in the Acquisition and are therefore not included as members of the Independent Board Committee. None of the members of the Independent Board Committee has any direct or indirect interest in the Acquisition and the Whitewash Waiver. In this connection, with the approval of the Independent Board Committee, the Company has appointed ING Bank N.V. as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the Whitewash Waiver.

Independent Financial Adviser

The Board announces that with the approval of the Independent Board Committee, the Company has appointed ING Bank N.V. as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

Circular to Shareholders

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee advising the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and advising the Independent Shareholders on how to vote, taking into account the recommendations from the Independent Financial Adviser; (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and advising the Independent Shareholders on how to vote; and (iv) a notice of the EGM, will be dispatched to the Shareholders on or before 26 November 2010.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 18 October 2010 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 8 November 2010 following the publication of this announcement.

Warning: Shareholders and potential investors should note that the Acquisition is subject to the fulfilment of a number of conditions, and accordingly, the transactions under the Sale and Purchase Agreement may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

- “Acceding Vendor(s)” any or all of (i) any Warrant Holder that has been issued Target Shares and has acceded to the Sale and Purchase Agreement; (ii) BOCOM provided that it has been issued Target Shares and acceded to the Sale and Purchase Agreement; and (iii) any Non-Selling Shareholder that has acceded to the Sale and Purchase Agreement
- “Acquisition” the acquisition of the Sale Shares in accordance with the Sale and Purchase Agreement
- “Additional Shares” an aggregate number of (i) 1,022,387,094 new Shares (in the event that the Target does not issue any new Target Shares prior to Completion and none of the Non-Selling Shareholders accedes to the Sale and Purchase Agreement), 985,771,888 new Shares (in the event Target Shares representing 2.57% of the Target’s fully diluted share capital are issued to the Warrant Holders and Target Shares representing 3.23% of the Target’s fully diluted share capital are issued to BOCOM before Completion, and neither any Warrant Holder nor BOCOM nor any Non-Selling Shareholder accedes to the Sale and Purchase Agreement) or 1,055,628,687 new Shares (in the event that Target Shares representing 2.57% of the Target’s fully diluted share capital are issued to the Warrant Holders and Target Shares representing 3.23% of the Target’s fully diluted share capital are issued to BOCOM before Completion, and all Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement), in each case representing 20% of the total number of issued Share if enlarged by the issue of the Consideration Shares
- “Ascend” Ascend Concept Technology Limited, a company incorporated in the BVI with limited liability, which, as at the date of the announcement, owns approximately 47.17%, and after 9 November 2010 will own approximately 37.78%, of the issued share capital of the Target at the date of this announcement, which is ultimately beneficially wholly-owned by Mr. Suo Lang Duo Ji
- “associate(s)” has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors

“BOCOM”	BOCOM International Holdings Company Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of Bank of Communications Co., Ltd. (交通銀行股份有限公司), whose H shares are listed on the Main Board of the Stock Exchange (stock code: 3328). BOCOM is principally engaged in securities proprietary trading and investment holding. BOCOM International (Asia) Limited, a wholly owned subsidiary of BOCOM, has been appointed as the financial adviser to the Company and is a licensed corporation registered under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“BVI”	the British Virgin Islands
“Cash Consideration”	an amount equal to 10% of the Consideration, being HKD1,105,302,791 in the event that the Target does not issue any new Target Shares prior to Completion and none of the Non-Selling Shareholders accedes to the Sale and Purchase Agreement, being HKD1,041,226,180 in the event Target Shares representing 2.57% of the Target’s fully diluted share capital are issued to the Warrant Holders and Target Shares representing 3.23% of the Target’s fully diluted share capital are issued to BOCOM before Completion, and neither any Warrant Holder nor BOCOM nor any Non-Selling Shareholder accedes to the Sale and Purchase Agreement and being HKD1,163,475,000 in the event that Target Shares representing 2.57% of the Target’s fully diluted share capital are issued to the Warrant Holders and Target Shares representing 3.23% of the Target’s fully diluted share capital are issued to BOCOM before Completion, and all Warrant Holders and BOCOM as well as all Non-Selling Shareholders accede to the Sale and Purchase Agreement
“Company”	Lumena Resources Corp., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion
“Concert Parties”	Mr. Zhang Songyi, Mr. Wang Chun Lin, Mr. Wan Keung, Mr. Zhang Yinghua, Li Feng, Liu Meifang, Li Bing, Chan Tim Shing, Jiang Guorong, Yang Huaijin, Cao Zhong, Zhang Weibing, Wu Chi Pan, Qin Ke Bo, Wang Jianfeng, Song Jifeng, Cheng Zai Zhong and Ho Ying
“Concert Party Entities”	Ascend, Nice Ace, Mandra Esop, Mandra Materials, Woo Foong Hong, Mandra Mirabilite Limited, Triple A Investments, AAA Mining Limited, Ying Mei, Fine Talent Group Limited, Unique Speed Investments Limited, Raybest Investment Ltd, Marble King Investment Ltd, Joint Peak Investments Limited, True Express Limited, Sino Reach Investments Limited, Orient Value Limited, Profuse Investments Holdings Limited and China-Land Biotech Holdings Limited

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Consideration Shares”	the Shares, to be allotted and issued by the Company to the Vendors as partial consideration for the purchase of the Sale Shares, and a “Consideration Share” shall be construed accordingly
“Convertible Notes”	six convertible notes which are convertible into Target Shares representing approximately 3.23% of the Target’s fully diluted share capital, all issued on 11 November 2009 pursuant to a subscription agreement dated 30 October 2009, as amended by a supplemental subscription agreement dated 6 November 2009 and an amendment and waiver letter dated 5 November 2010, entered into between the Target, BOCOM and Mr. Suo Lang Duo Ji (each of the Convertible Notes having a principal amount of US\$5,000,000 and the six Convertible Notes having an aggregate principal amount of US\$30,000,000)
“CS Facility”	the US\$160,000,000 loan facility granted to the Target pursuant to the facility agreement dated 6 November 2007 entered into between, among others, the Target (as borrower) and Credit Suisse AG, Singapore Branch and/or its affiliates (as lender), which will mature on 9 November 2010 and be refinanced by the Secured Fixed Rate Term Notes
“Deyang Chemical”	四川得陽化學有限公司 (Sichuan Deyang Chemical Co., Ltd.), a company incorporated in the PRC
“Deyang Materials”	四川得陽特種新材料有限公司 (Sichuan Deyang Special New Materials Co., Ltd.), a company incorporated in the PRC
“Deyang Plastic”	四川得陽工程塑料開發有限公司 (Sichuan Deyang Engineering Plastic Development Co., Ltd.), a company incorporated in the PRC
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened to approve the matter(s) referred to herein
“Enlarged Group”	the Group as enlarged by the Acquisition
“Executive”	shall have the meaning as defined in the Takeovers Code
“Existing Shareholders”	MS China, Mandra Esop, Mandra New Materials, Woo Foong Hong, Triple A Investments, AAA Mining Limited, Fine Talent Group Limited, Unique Speed Investments Limited and True Express Limited
“Group”	the Company and its subsidiaries from time to time
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the indenture dated 27 October 2009 between, among others, the Target, Citicorp International Limited as trustee and the entities listed in Schedule 1 to the Sale and Purchase Agreement, in respect of the issuance by Company of USD250,000,000 12.00% senior notes, due 2014
“Independent Board Committee”	the independent board committee established by the Company to advise the Independent Shareholders as to whether the terms and conditions of the Acquisition and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Independent Board Committee consists of Mr. Koh Tiong Lu, John, Mr. Wong Chun Keung and Mr. Xia Lichuan, each an independent non-executive Director. Mr. Gao Zongze, an independent non-executive Director is a supervisor of the Target. Although he is not involved in the management of the Target, such position conflicts with that of the Independent Board Committee. He is therefore not included as a member of the Independent Board Committee. In addition, each of the non-executive Directors are shareholders of the Company and the Target and therefore have an interest in the Acquisition and are therefore not included in the Independent Board Committee
“Independent Financial Adviser”	ING Bank, N.V., a registered institution under the Securities and Futures Ordinance, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company
“Independent Shareholders”	the Shareholders other than Mr. Suo Lang Duo Ji and the Concert Parties and the Concert Party Entities and their associates and parties acting in concert with any of them and any parties involved in or interested in the Acquisition, the specific mandate for the New Issue and the Whitewash Waiver
“Independent Third Party”	party independent of the Company and its connected persons
“Issue Price”	HKD3.15 per Share
“Last Trading Day”	15 October 2010, being the last trading date prior to the signing of the Sale and Purchase Agreement
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Longstop Date”	30 May 2011 (or such other later date as the Company and Warrantors may agree in writing)
“Mandra”	Mandra Materials and Mandra Esop
“Mandra Esop”	Mandra Esop Limited, a company incorporated in the BVI with limited liability, being one of the Vendors and which, as at the date of this announcement, owns approximately 1.42% of the issued share capital of the Target at the date of this announcement, which is ultimately beneficially owned as to 50% by Mr. Zhang Songyi and as to 50% by Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife)
“Mandra Materials”	Mandra Materials Limited, a company incorporated in the BVI with limited liability, being one of the Vendors and which, as at the date of this announcement, owns approximately 3.34%, and after 9 November 2010 will own approximately 12.74%, of the issued share capital of the Target at the date of this announcement, which is ultimately beneficially owned as to 50% by Mr. Zhang Songyi and as to 50% by Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife)
“Mandra New Materials”	Mandra New Materials Limited, a company incorporated in the BVI with limited liability, which is ultimately beneficially owned as to 50% by Mr. Zhang Songyi and as to 50% by Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife) which up to 15 October 2010 held 9,181,820 Target Shares representing 11.48% of the issued share capital of the Target of which 6,506,185 shares were transferred to Sky Success and 2,675,635 shares were transferred to Mandra Materials
“Moonchu”	Moonchu Foundation Limited, a tax exempt charity established by Mr. Zhang Songyi and his family
“Mr. Suo Lang Duo Ji”	Suo Lang Duo Ji (索郎多吉) (formerly known as Dominique Shannon (索郎多吉) and Li Yan (李炎)), being the founder, controlling Shareholder, chairman and non-executive Director of the Company, and being one of the Vendors, and the beneficial owner of Ascend (being one of the Vendors)
“Mr. Wan Keung”	Wan Keung
“Mr. Wang Chun Lin”	Wang Chun Lin, a non-executive Director
“Mr. Zhang Songyi”	Zhang Songyi, a non-executive Director
“MS China”	MS China 10 Limited, a Cayman Islands exempted company with limited liability, being one of the Vendors which, as at the date of this announcement, owns approximately 7.66% of the issued share capital of the Target at the date of this announcement, which is a wholly-owned subsidiary of Morgan Stanley Principal Investments, Inc., a wholly owned subsidiary of Morgan Stanley Fixed Income Ventures Inc., which in turn is wholly owned by Morgan Stanley

“New Investors”	Credit Suisse AG and/or a group of financial institutions arranged by Credit Suisse AG
“New Issue”	the allotment and issue of Additional Shares
“New Shareholders”	Raybest Investment Ltd, Marble King Investment Ltd, Joint Peak Investments Limited, Sino Reach Investments Limited, Orient Value Limited, Profuse Investments Holdings Limited and China-Land Biotech Holdings Limited
“New Warrants”	the warrants to be created and issued by the Target on 9 November 2010 to the New Investors in connection with the Secured Fixed Rate Term Notes which will entitle the Warrant Holders to subscribe for Target Shares representing up to 2.57% of the fully diluted share capital of Target
“Nice Ace”	Nice Ace Technology Limited, a company incorporated in the BVI with limited liability, which, as the date of the announcement, owns approximately 37.98% of the issued share capital of the Company at the date of this announcement, which is ultimately beneficially owned by Mr. Suo Lang Duo Ji
“Non-Selling Shareholders”	SBI Holding Inc., SBI BB Mobile Investment Lps, SBI Neo Technology A Investment Lp, SBI Life Science Technology Investment Lps, SBI Life Science Technology No. 2 Investment Lps and SBI Neo Technology B Investment Lps being shareholders of the Target which, as at the date of the announcement, hold a total of 4,000,000 Target Shares representing 5.00% of the share capital of the Target in issue as at the date of the announcement
“Other Vendors”	the 10 shareholders of the Target, being all the other shareholders of the Target on the date of this announcement except for the Non-Selling Shareholders and other than Ascend, Mr. Suo Lang Duo Ji, Mandra, Woo Foong Hong, Triple A Investments, Sky Success, MS China and Ying Mei
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“Post-IPO Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company pursuant to the written resolutions passed by the Shareholders on May 26, 2009
“PPS”	polyphenylene sulfide, a special engineering plastics
“PRC”	People’s Republic of China
“PRC Legal Opinion”	the legal opinion to be issued by a qualified PRC law firm to be agreed between the Vendors and the Company regarding PRC legal issues relating, among other things, the establishment and the legal standing of the subsidiaries of the Target which are established in the PRC

“Pre-IPO Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company pursuant to the written resolutions passed by the Shareholders on April 30, 2008
“Purchasers’ Warranties”	the purchasers’ warranties and representations given or made by the Company and contained in the Sale and Purchase Agreement
“Related Person”	any (i) Vendor, (ii) any director or chief executive of the Company; (iii) any person who was a director of the Company within the 12 months preceding the Completion Date and (iv) any associate (as defined in the Listing Rules) of any of the persons referred to in (i) through (iii)
“Related Transaction”	any agreement, arrangement or transaction to which any Target Group company on the one hand and any Related Person on the other hand are parties to and which, unless terminated or unwound on or before Completion, were to qualify as a connected transaction (as defined in the Listing Rules) of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 October 2010 entered into between the Company and the Vendors in connection with the sale of the Sale Shares as amended pursuant to a supplemental agreement entered into between the Company and the Vendors on 4 November 2010
“Sale Shares”	the 76,002,119 Target Shares held by the Vendors as at the date of this announcement (representing 95.00% of the issued and outstanding capital of the Target as at the date of this announcement)
“Secured Fixed Rate Term Notes”	a USD90,000,000 senior secured fixed rate term notes issued by the Target (as issuer) and subscribed for by the New Investors on 5 November 2010 to refinance the CS Facility, under which the Target’s obligations are to repay the principal and interest, and the other main terms are substantially the same as those under the CS Facility
“Share(s)”	ordinary share(s) of USD0.00001 each in the capital of the Company
“Shareholder(s)”	any holder of Share(s)
“Share Option Schemes”	the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme
“Sky Success”	Sky Success Investments Ltd., a company incorporated in the BVI with limited liability, which, as at the date of this announcement, owns approximately 8.70% of the issued share capital of the Target as at the date of this announcement and which is ultimately beneficially owned by Wan Keung which is an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers in force from time to time

“Target”	Sino Polymer New Materials Co., Ltd. (formerly known as Haton Polymer & Fibre Corp.), a company incorporated in the Cayman Islands
“Target BVI”	Haton Polymer & Fibre Limited, a company incorporated in the BVI
“Target Group”	the group of companies consisting of the Target and all of its subsidiaries
“Target HK”	Haton Polymer Limited, a company incorporated in Hong Kong
“Target Shares”	shares of USD0.50 each in the capital of the Target
“Triple A Investments”	Triple A Investments Limited, a company incorporated in the BVI, being one of the Vendors which is the beneficial owner of approximately 3.46% of the issued share capital of Target, which is ultimately beneficially owned as to 50% by Mr. Wang Chun Lin, a non-executive Director, and as to 50% by his wife, Ms. Caroline Chan Hiu Lai
“Vendor(s)”	the 19 shareholders of the Target which as at the date of this announcement hold 95.00% of the issued share capital of the Target
“Vendors’ Warranties”	the vendors’ warranties and representations contained in the Sale and Purchase Agreement which are given or made by the Vendors on a several basis
“Warrant Holders”	the holders of the New Warrants
“Warrant Instrument”	the instrument constituting warrants dated 5 November 2010 in relation to the New Warrants between, among others, the New Investors and the Target
“Warrantors”	Mr. Suo Lang Duo Ji and Ascend
“Warrantors’ Warranties”	the warranties and representations contained in Warrantors’ the Sale and Purchase Agreement which are given or made by the Warrantors on a joint and several basis
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Mr. Suo Lang Duo Ji and parties acting in concert with him to make a mandatory general offer for all the securities of the Company not already owned by Mr. Suo Lang Duo Ji and parties acting in concert with him which would otherwise arise as a result of the issue of the Consideration Shares to Mr. Suo Lang Duo Ji and/or parties acting in concert with him
“Woo Foong Hong”	Woo Foong Hong Limited, a company incorporated in the BVI with limited liability, being one of the Vendors which owns approximately 5.72% of the issued share capital of the Target at the date of this announcement, which is ultimately beneficially owned by Moonchu

“Ying Mei” Ying Mei Group Limited, a company incorporated in the BVI with limited liability, which owns approximately 5.00% of the issued share capital of the Target as at the date of this announcement and which is ultimately beneficially owned by an Independent Third Party

“%” per cent

By order of the Board
Lumena Resources Corp.
Zhang Daming
*Chief Executive Officer and
Executive Director*

Hong Kong, 7 November 2010

As at the date of this announcement, the executive Directors are Mr. Zhang Daming, Mr. Yu Man Chiu Rudolf and Mr. Li Xudong; the non-executive Directors are Mr. Suo Lang Duo Ji, Mr. Wang Chun Lin and Mr. Zhang Songyi; and the independent non-executive Directors are Mr. Koh Tiong Lu, John, Mr. Wong Chun Keung, Mr. Gao Zongze and Mr. Xia Lichuan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no facts, the omission of which would make any statement in this announcement misleading.