

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on April 12, 2007. Our Company has established a place of business in Hong Kong at Suite 2801, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. Our Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company, under Part XI of the Companies Ordinance on April 21, 2008. In connection with such registration, our Company has appointed Mr. Zhu Ben Yu as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, we operate subject to the Cayman Companies Law and its constitution comprising the Memorandum and the Articles of Association. A summary of various provisions of our Company's constitution and certain relevant aspects of the Cayman Companies Law is set out in Appendix VI to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation of our Company, its authorized share capital was US\$50,000 divided into 500,000 Shares of US\$0.10 each. On the same date, our Company (i) allotted and issued one Share to the initial subscriber, Chapel Nominees Limited which then transferred the same to Nice Ace at par value; and (ii) allotted and issued at par value 74,999 Shares, 5,000 Shares and 20,000 Shares to Nice Ace, Triple A and Woo Foong Hong respectively. Upon completion of the said share transfer, allotment and issue, our Company was held by Nice Ace, Triple A and Woo Foong Hong as to 75.0%, 5.0% and 20.0%, respectively.
- (b) On May 18, 2007, Nice Ace transferred 2,000 Shares to Asia Coal Bed at par value while Woo Foong Hong transferred 20,000 Shares to Mandra Mirabilite at par value. Upon completion of the said share transfers, our Company was held as to 73.0%, 5.0%, 2.0% and 20.0% by Nice Ace, Triple A, Asia Coal Bed and Mandra Mirabilite, respectively.
- (c) On June 20, 2007, Triple A transferred 5,000 Shares to AAA Mining at par value. Upon completion of the said share transfer, our Company was held as to 73.0%, 5.0%, 2.0% and 20.0% by Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite, respectively.
- (d) On April 25, 2008, every issued and unissued Share of US\$0.1 each in the share capital of the Company was subdivided into 10,000 Shares of US\$0.00001 each such that our Company shall have an authorized share capital of US\$50,000 divided into 5,000,000,000 Shares of US\$0.00001 each.
- (e) On April 25, 2008, an aggregate of 520,000,000 Shares of US\$0.00001 each were allotted and issued to the then Shareholders in proportion to their then shareholdings at par value such that 379,600,000 Shares, 26,000,000 Shares, 10,400,000 Shares and 104,000,000 Shares were allotted and issued to Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite, respectively. Upon completion of the said share subdivision and share allotment and issue, our Company was held as to 73.0%, 5.0%, 2.0% and 20.0% by Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite, respectively.
- (f) On May 30, 2008, Mandra Mirabilite transferred 30,400,000 Shares of US\$0.00001 each to Mandra Esop at nominal value. Upon completion of the said share transfer, our Company was held as to 73.0%, 18.0%, 5.0%, 2.0% and 2.0% by Nice Ace, Mandra Mirabilite, AAA Mining, Asia Coal Bed and Mandra Esop, respectively.

- (g) On May 30, 2008, Asia Coal Bed transferred 30,400,000 Shares of US\$0.00001 each to Mandra Esop at nominal value. Upon completion of the said share transfer, our Company was held as to 73.0%, 18.0%, 5.0% and 4.0% by Nice Ace, Mandra Mirabilite, AAA Mining and Mandra Esop, respectively.
- (h) On September 11, 2008, Nice Ace sold 26,600,000 Shares of US\$0.00001 each to OSSF Capital for US\$10 million pursuant to the share purchase agreement among Nice Ace, OSSF Capital and Mr. Suolang Duoqi, as guarantor. Upon completion of such sale, our Company was held as to approximately 71.3%, 18.0%, 5.0%, 4.0% and approximately 1.7% by Nice Ace, Mandra Mirabilite, AAA Mining, Mandra Esop and OSSF Capital, respectively.
- (i) On May 14, 2009, Nice Ace transferred 111,993,600 Shares to the Warrant Holders. After such transfer, our Company was held as to approximately 63.9%, 18.0%, 15.0%, approximately 7.4%, 4.0% and approximately 1.7% by Nice Ace, Mandra Mirabilite, AAA Mining, the Warrant Holders, Mandra Esop and OSSF Capital, respectively.

Assuming that the Global Offering becomes unconditional and the Offer Shares are issued, our issued share capital upon completion of the Global Offering will be US\$19,240 divided into 1,924,000,000 Shares of US\$0.00001 each (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of (i) options granted under the Pre-IPO Share Option Scheme; and (ii) options that may be granted under the Share Option Scheme.

Save for the aforesaid and as disclosed in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. Written resolutions of our Shareholders passed on April 25, 2008 and the resolutions passed at the EGM on May 26, 2009

Pursuant to the written resolutions passed by the Shareholders on April 25, 2008 and the resolutions passed at the EGM on May 26, 2009:

- (a) our Company approved and adopted the Articles of Association;
- (b) conditional on (i) the Listing Committee of the Stock Exchange granting the Listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be allotted and issued pursuant to the exercise of (1) options granted under the Pre-IPO Share Option Scheme; (2) options which may be granted under the Share Option Scheme (ii) the entering into of the agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters), our Company and the Selling Shareholders on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
- the Global Offering was approved and the Directors were authorized to approve the same and to allot and issue the Offer Shares; and
 - the rules of the Share Option Scheme were approved and adopted and the Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with the Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme.

- (c) a general unconditional mandate was given to the Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or upon the exercise of the options that were granted under the Pre-IPO Share Option Scheme and the options that may be granted under the Share Option Scheme or pursuant to the Global Offering) unissued Shares with a total nominal value not exceeding 20 per cent. of the aggregate nominal value of the share capital of our Company in issue and to be issued immediately following completion of the Global Offering (but not taking into account any Shares which may be issued and allotted pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;
- (d) a general unconditional mandate was given to the Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and the requirements of the Listing Rules or equivalent rules or regulations of such other stock exchange, such number of Shares with an aggregate nominal value not exceeding 10 per cent. of the aggregate nominal value of the share capital of our Company in issue and to be issued immediately following completion of the Global Offering (but not taking into account any Shares which may be issued and allotted pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;
- (e) the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above provided that such extended amount shall not exceed 10 per cent. of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering but excluding any Shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme.

4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in anticipation of the Global Offering and as a result of which, our Company became the holding company of our Group and Chuanmei Mirabilite became a 90.0% owned subsidiary of our Company through Rich Light and Top Promise.

A diagram showing our corporate structure after the Reorganization is set out in the section headed “History, Reorganization and Corporate Structure” in this prospectus.

Details of the Reorganization undertaken are as follows:

1. On April 12, 2007, our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with authorized share capital of US\$50,000 divided into 500,000 Shares of US\$0.1 each;
2. On April 12, 2007, one subscriber Share was allotted and issued to Chapel Nominees Limited which then transferred the same to Nice Ace at par value;
3. On April 12, 2007, our Company allotted and issued 74,999 Shares, 5,000 Shares and 20,000 Shares to Nice Ace, Triple A and Woo Foong Hong at par value, respectively;
4. On May 18, 2007, Nice Ace transferred 2,000 Shares to Asia Coal Bed at par value while Woo Foong Hong transferred 20,000 Shares to Mandra Mirabilite at par value;
5. On June 12, 2007, Mr. Suolang Duoji, Triple A and Beansprouts transferred 75 shares, 5 shares and 20 shares of Rich Light to our Company at par value and Chuanmei Mirabilite became a 90% owned subsidiary of our Company via Rich Light after completion of such share transfers;
6. On June 20, 2007, Triple A transferred 5,000 Shares to AAA Mining at par value;
7. On January 2, 2008, Woo Foong Hong transferred its entire shareholding in Asia Coal Bed to Beansprouts at par value;
8. On April 25, 2008, every issued and unissued Share of US\$0.1 in the share capital of the Company was subdivided into 10,000 Shares of US\$0.00001 each such that our Company shall have an authorized share capital of US\$50,000 divided into 5,000,000,000 Shares of US\$0.00001 each.
9. On April 25, 2008, an aggregate of 520,000,000 Shares of US\$0.00001 each were allotted and issued to the then Shareholders in proportion to their then shareholdings at par value such that 379,600,000 Shares, 26,000,000 Shares, 10,400,000 Shares and 104,000,000 Shares were allotted and issued to Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite, respectively.
10. On May 26, 2008, Woo Foong Hong was transferred by Mr. Zhang Songyi and Ms. Mui Bing How to Moonchu.
11. On May 30, 2008, Mandra Mirabilite transferred 30,400,000 Shares of US\$0.00001 each to Mandra Esop at nominal value.
12. On May 30, 2008, Asia Coal Bed transferred 30,400,000 Shares of US\$0.00001 each to Mandra Esop at nominal value.
13. On September 11, 2008, Nice Ace sold 26,600,000 Shares of US\$0.00001 each to OSSF Capital for US\$10 million pursuant to the share purchase agreement among Nice Ace, OSSF Capital and Mr. Suolang Duoji, as guarantor.
14. On May 14, 2009, Nice Ace transferred 111,993,600 Shares of US\$0.00001 each to the Warrant Holders upon the exercise of the Warrants by the Warrant Holders.

5. Changes in share capital of subsidiaries

Our subsidiaries are referred to in the accountants' report of our Company, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years preceding the date of this prospectus.

Rich Light

- (1) On July 26, 2006, Mr. Xu Yaping transferred his 2 shares of Rich Light to Mr. Zhang Daming at par value.
- (2) On December 12, 2006, each of Ms. Zou Xu and Mr. Zhang Daming transferred their 8 shares and 2 shares of Rich Light to Mr. Suolang Duoqi.
- (3) On January 5, 2007, Rich Light allotted and issued at par 65 shares, 5 shares and 20 shares to Mr. Suolang Duoqi, Triple A and Beansprouts.
- (4) On June 12, 2007, Mr. Suolang Duoqi, Triple A and Beansprouts transferred 75 shares, 5 shares and 20 shares of Rich Light to our Company at par value.

Chuanmei Glauber Salt

- (1) On June 19, 2007, Chuanmei Glauber Salt was established in the PRC as a WFOE with registered capital of US\$29,500,000.
- (2) On November 1, 2007, the registered capital of Chuanmei Glauber Salt was increased from US\$29,500,000 to US\$50,000,000.

Save as disclosed in this prospectus, there has been no alteration in the share capital of any subsidiary of our Company within the two years preceding the date of this prospectus.

6. Repurchase of Shares by our Company

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities:

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board to repurchase their securities on the Stock Exchange subject to certain restrictions, a summary of which is set out below:

- (i) Shareholders' approval

All proposed repurchases of securities, which must be fully paid up in the case of shares, on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by a specific approval of a particular transaction.

- (ii) Source of funds

Repurchases must be funded out of funds legally available for such purpose in accordance with the Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules. A company may not

repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be repurchased

The Listing Rules provide that the shares which are proposed to be repurchased by a company must be fully paid up.

(iv) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable our Company to repurchase the Shares in the market. Repurchases of the Shares will only be made when the Directors believe that such repurchases will benefit our Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

(v) Exercise of the repurchase mandate

Exercise in full of the repurchase mandate on the basis of 1,924,000,000 Shares in issue immediately after the Listing of the Shares (assuming no options granted under the Pre-IPO Share Option Scheme or the options that may be granted under the Share Option Scheme are exercised) could accordingly result in up to 192,400,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Cayman Islands law or the Articles of Association to be held; or (3) the revocation or variation of the repurchase mandate by ordinary resolution of our Shareholders in a general meeting, whichever occurs first.

(vi) Funding of repurchases

Repurchases pursuant to the repurchase mandate would be financed out of funds of our Company legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. The Directors consider that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels.

(vii) Director's undertaking

The Directors have undertaken to the Stock Exchange that, they will exercise the power of our Company to make purchases of our Company's securities in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the Articles of Association.

(viii) Disclosure of interests

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates, as defined in the Listing Rules, has any present intention to sell any Shares to our Company or its subsidiaries. No connected person, as defined in the Listing Rules, has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

(ix) Takeovers Code consequences

If, as a result of a securities repurchase pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Without taking into account the arrangement among Mr. Suolang Duoqi, Nice Ace and Investec Bank and assuming that the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme or the option that may be granted under the Share Option Scheme are exercised, exercise in full of the Repurchase Mandate would result in an increase in the percentage of the Shares held by Nice Ace from approximately 43.1% to approximately 47.9% and Nice Ace would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code if the repurchase mandate is exercised.

The Directors have no present intention to exercise the repurchase mandate to such an extent as would result in takeover obligations under the Takeovers Code.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus are or may be material:

- (1) an instrument of transfer dated June 12, 2007, by which Mr. Suolang Duoqi transferred 75 shares of Rich Light to our Company at a consideration of US\$75;
- (2) a bought and sold note dated June 12, 2007, by which Mr. Suolang Duoqi transferred 75 shares of Rich Light to our Company at a consideration of US\$75;
- (3) an instrument of transfer dated June 12, 2007, by which Triple A transferred 5 shares of Rich Light to our Company at a consideration of US\$5;
- (4) a bought and sold note dated June 12, 2007, by which Triple A transferred 5 shares of Rich Light to our Company at a consideration of US\$5;
- (5) an instrument of transfer dated June 12, 2007, by which Beansprouts transferred 20 shares of Rich Light to our Company at a consideration of US\$20;
- (6) a bought and sold note dated June 12, 2007, by which Beansprouts transferred 20 shares of Rich Light to our Company at a consideration of US\$20;
- (7) the Instrument Constituting Warrants in our Company entered into among Nice Ace, our Company, AAA Mining, Mandra Mirabilite and Asia Coal Bed dated June 23, 2007, pursuant to which the Warrant Holders may exercise the purchase rights attached to the Warrants in whole or in part and purchase from Nice Ace Shares with an aggregate maximum entitlement equivalent to 7.5% of the share capital of our Company on a fully diluted basis;

- (8) the Facility Agreement entered into between our Company as borrower and Credit Suisse, Singapore Branch as facility agent and security agent for and on behalf of the transaction finance parties as defined therein on June 23, 2007, pursuant to which the lender as defined therein made available to our Company US dollar term loan facility in an aggregate amount of up to US\$100,000,000;
- (9) an assignment of loans entered into among Top Promise, our Company as assignor and Credit Suisse, Singapore Branch as security agent dated June 23, 2007, pursuant to which our Company assigned by way of security all its right, title and interest in its receivables from Top Promise to Credit Suisse, Singapore Branch;
- (10) a Top Promise account charge entered into between Top Promise as chargor and Credit Suisse, Singapore Branch as security agent dated June 23, 2007, pursuant to which Top Promise charged by way of first fixed charge in favor of Credit Suisse, Singapore Branch all its right, title and interest in its bank accounts in Hong Kong opened or maintained with Standard Chartered Bank (Hong Kong) Limited and the credit balance of such accounts;
- (11) a borrower Singapore account charge entered into between our Company as chargor and Credit Suisse, Singapore Branch as security agent dated June 23, 2007, pursuant to which our Company charged by way of first fixed charge in favor of Credit Suisse, Singapore Branch all its right, title and interest in its bank accounts in Singapore opened or maintained with Credit Suisse, Singapore Branch and the credit balance of such accounts;
- (12) a borrower Hong Kong account charge entered into between our Company as chargor and Credit Suisse, Singapore Branch as security agent dated June 23, 2007, pursuant to which our Company charged by way of first fixed charge in favor of Credit Suisse, Singapore Branch all its right, title and interest in its bank accounts in Hong Kong opened or maintained with Bank of China (Hong Kong) Limited and the credit balance of such accounts;
- (13) a share charge over Top Promise entered into between Rich Light as chargor and Credit Suisse, Singapore Branch as security agent dated June 23, 2007, pursuant to which Rich Light charged the share capital of Top Promise held by Rich Light together with the related rights by way of first fixed charge in favor of Credit Suisse, Singapore Branch;
- (14) a share charge over Rich Light entered into between our Company as chargor and Credit Suisse, Singapore Branch as security agent dated June 23, 2007, pursuant to which our Company charged its interest in all of the shares of Rich Light beneficially owned by our Company in favor of Credit Suisse, Singapore Branch;
- (15) a share charge over our Company entered into among Nice Ace, AAA Mining, Asia Coal Bed and Mandra Mirabilite as chargors and Credit Suisse, Singapore Branch as security agent on June 23, 2007 pursuant to which the chargors agreed to charge their respective interest in all of the shares they beneficially owned in our Company in favor of Credit Suisse, Singapore Branch;
- (16) a pledge of equity entered into between Top Promise as pledgor and Credit Suisse, Singapore Branch as security agent dated June 25, 2007, pursuant to which Top Promise effected a pledge in favor of Credit Suisse, Singapore Branch over all the equity interests together with the related rights and benefits held by Top Promise in Chuanmei Mirabilite;
- (17) a subordination and assignment deed entered into among Top Promise as subordinated borrower, Mr. Suolang Duoqi as subordinated lender and Credit Suisse, Singapore Branch as security agent dated June 25, 2007, pursuant to which Top Promise and Mr. Suolang Duoqi agreed with each other

and with Credit Suisse, Singapore Branch that all indebtedness owing to Mr. Suolang Duoqi by Top Promise shall be subordinated to the priority indebtedness as defined therein if it is or may become outstanding and postponed to the claims of the transaction finance parties as defined therein in respect thereof;

- (18) a pledge of equity entered into between Top Promise as pledgor and Credit Suisse, Singapore Branch as security agent dated September 26, 2007, pursuant to which Top Promise effected a pledge in favor of Credit Suisse, Singapore Branch over all the equity interests together with the related rights and benefits held by Top Promise in Chuanmei Glauber Salt;
- (19) a liabilities undertaking agreement dated December 31, 2007 entered into among Top Promise, Mr. Suolang Duoqi and Chief Style International Limited, under which an amount of HK\$3,189,527 due from Top Promise to Chief Style International Limited was assigned to Mr. Suolang Duoqi;
- (20) a liabilities undertaking agreement dated December 31, 2007 entered into among Top Promise, Mr. Suolang Duoqi and Sichuan Huatuo, under which an amount of HK\$1,381,154 due from Top Promise to Sichuan Huatuo was assigned to Mr. Suolang Duoqi;
- (21) a liabilities undertaking agreement dated December 31, 2007 entered into among Top Promise, Mr. Suolang Duoqi and Sichuan Huatong, under which an amount of HK\$1,606,555 due from Top Promise to Sichuan Huatong was assigned to Mr. Suolang Duoqi;
- (22) a deed of undertaking dated June 10, 2008 given by our Company in favor of Credit Suisse, Singapore Branch as security agent;
- (23) a share transfer agreement dated October 19, 2008 entered into between Chuanmei Mirabilite, Peng Conglin and Xie Yunhong, pursuant to which Peng Conglin and Xie Yunhong agreed to transfer the entire shareholding in Sichuan Meishan Yi Jing Mirabilite Company Limited to Chuanmei Mirabilite at a consideration of RMB200,000,000;
- (24) a supplemental agreement dated January 14, 2009 entered into between Chuanmei Mirabilite, Peng Conglin and Xie Yunhong, to terminate the share transfer agreement dated October 19, 2008 entered into between Chuanmei Mirabilite, Peng Conglin and Xie Yunhong;
- (25) a sub-lease agreement dated February 28, 2009 entered into between Top Promise and Haton, under which Top Promise sub-leased the Hong Kong Premises to Haton at a monthly sublease rent of HK\$70,421.40;
- (26) a guarantee and indemnity dated March 11, 2009 entered into among Hang Lung Real Estate Agency Limited, Top Promise, Haton and the Company under which a guarantee was provided by Haton and the Company for renting the Hong Kong Premises;
- (27) a loan agreement dated May 7, 2009 between Top Promise and China Sun Fund, under which China Sun Fund made available a term loan facility of HK\$145 million to Top Promise for 36 months;
- (28) a surrender agreement dated May 22, 2009 entered into between Top Promise and Haton, under which Haton terminated the sub-lease agreement dated February 28, 2009 in relation to the Hong Kong Premises;
- (29) a licence dated May 25, 2009 entered into between Top Promise as licensor and the Company as licensee, under which a license in relation to the Hong Kong Premises was granted by Top Promise to the Company at a licence fee of HK\$1.00 per month;
- (30) the deed of non-competition undertaking dated May 28, 2009 given by Mr. Suolang Duoqi and Nice Ace in favor of our Company;


(31) the deed of indemnity dated June 3, 2009 given by each of Nice Ace and Mr. Suolang Duoqi in favor of our Group containing the indemnities as referred to in the sections headed “Other Information — Estate Duty and Tax Indemnity” and “Other Indemnities” in this Appendix; and

(32) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

(i) As at the Latest Practicable Date, we have registered the following trade marks with the relevant authorities:

<u>Trade mark</u>	<u>Territory</u>	<u>Class</u>	<u>Registration number</u>	<u>Registration date</u>	<u>Expiry date</u>
川眉牌	PRC	1 (Note 1)	286585	May 10, 1987	May 9, 2017
三蘇	PRC	5 (Note 2)	181609	July 5, 1993	July 4, 2013
川眉牌	PRC	5 (Note 3)	870078	September 14, 1996	September 13, 2016
川眉牌	PRC	1 (Note 4)	872081	September 21, 1996	September 20, 2016
CM	PRC	1 (Note 5)	1242011	January 28, 1999	January 27, 2019
大洪山	PRC	1 (Note 6)	1242033	January 28, 1999	January 27, 2019
川眉牌	PRC	2 (Note 7)	3000128	March 28, 2003	March 27, 2013
<u>Trade mark</u>	<u>Territory</u>	<u>Class(es)</u>	<u>Trade mark number</u>	<u>Registration date</u>	<u>Expiry date</u>
 Lumena	Hong Kong	1,3,5 (Note 8)	301050281	February 13, 2008	February 13, 2018
旭光	Hong Kong	1,3,5 (Note 9)	301052126	February 15, 2008	February 15, 2018

Notes:

- (1) Class 1: Anhydrous sodium sulphate.
- (2) Class 5: Medical thenardite.
- (3) Class 5: Medical thenardite
- (4) Class 1: Potassium sulphate, sodium silicate.
- (5) Class 1: Anhydrous sodium sulphate, potassium sulphate, sodium silicate, potassium nitrate.
- (6) Class 1: Anhydrous sodium sulphate, potassium sulphate, sodium silicate, potassium nitrate.
- (7) Class 2: Primers, whites (colorants or paints), blues (colorants or paints), green tempered paint.
- (8) Class 1: Thenardite, anhydrous sodium sulphate, potassium sulphate, sodium silicate, potassium nitrate.
Class 3: Thenardite for detergent use.
Class 5: Medical thenardite.
- (9) Class 1: Thenardite, anhydrous sodium sulphate, potassium sulphate, sodium silicate, potassium nitrate.
Class 3: Thenardite for detergent use.
Class 5: Medical thenardite.

(b) Patents

As at the Latest Practicable Date, the applications of the following patents were submitted to the State Intellectual Property Office (中國國家知識產權局) and we obtained the rights of the applications and became the applicant of the following patents:

<u>Title of patents</u>	<u>Territory</u>	<u>Date of application</u>	<u>Application number</u>
A Production Technique of Ultrafine Granular Specialty Thenardite (一種超細顆粒特種芒硝的製造方法)	PRC	November 6, 2007	200710050393.7
A Production Technique of Thick Granular Specialty Thenardite (一種粗顆粒特種芒硝的製造方法)	PRC	November 6, 2007	200710050394.1
A Production Technique of High Purity Specialty Thenardite (一種高純度特種芒硝的製造方法)	PRC	June 10, 2008	200810044651.5
A Production Technique of Medical Thenardite (藥用芒硝的製造工藝)	PRC	March 20, 2009	200910058657.2

(c) Domain names

As at the Latest Practicable Date, we have registered the following domain names:

<u>Domain name</u>	<u>Registration date</u>	<u>Expiry date</u>	<u>Registered owner</u>
chinachuanmei.cn	October 18, 2004	October 18, 2010	Chuanmei Mirabilite
lumena.hk	November 9, 2007	November 22, 2009	Top Promise
lumena.com.hk	March 27, 2008	April 7, 2011	Top Promise

The information contained on the above websites does not constitute part of this prospectus.

Save as disclosed herein, there are no other trade-or service-marks, patents, other intellectual or industrial property rights that are material to the business of our Group.

3. Further information about our Group's PRC establishments

Our Company has the following subsidiaries established in the PRC, the basic information of which as at the Latest Practicable Date are set out below:

(a) Chuanmei Mirabilite

- (i) Corporate nature : Sino-foreign joint venture
- (ii) Shareholders : (a) Sichuan First as to 10% of the registered capital
(b) Top Promise as to 90% of the registered capital
- (iii) Registered capital : RMB142,077,000
- (iv) Term of operation : 24 years, from June 1, 2001 to May 17, 2025
- (v) Scope of business : Production and sale of anhydrous sodium sulphate, medical thenardite, potassium sulphate, sodium silicate, industrial chemical machinery and coatings for internal wall (except for products prohibited by the government, need special approval and limited by quota).
- (vi) Legal representative : Zhu Jimin
- (vii) Board of directors : Zhu Jimin, Li Xudong, Zhang Daming

(b) Chuanmei Glauber Salt

- (i) Corporate nature : Wholly foreign-owned enterprise
- (ii) Shareholder : Top Promise
- (iii) Registered capital : US\$50,000,000
- (iv) Date of incorporation : June 19, 2007
- (v) Scope of business : Production and sale of anhydrous sodium sulphate, specialty thenardite, medical thenardite, potassium sulphate, barium sulphate and sodium sulfide (except for products prohibited by the government, need special approval and limited by quota).
- (vi) Legal representative : Zhang Daming
- (vii) Board of directors : Zhang Daming

C. FURTHER INFORMATION ABOUT DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Directors

Immediately following completion of the Global Offering and taking no account of any Shares which may be allotted and issued or transferred pursuant to the exercise of the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme and the arrangement among Mr. Suolang Duoji, Nice Ace and Investec Bank, the interest or short position of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed is as follow:-

<u>Name of the Director</u>	<u>Long/short position</u>	<u>Our Company or other members of our Group</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Mr. Suolang Duoji ⁽¹⁾ . .	Long	Company	Interest of a controlled corporation	828,864,400	43.08%
Mr. Suolang Duoji ⁽²⁾ . .	Short	Company	Interest of a controlled corporation	55,714,286	2.9%

Notes:

- (1) *The Shares are held by Nice Ace, a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Mr. Suolang Duoji, the Controlling Shareholder, chairman and a non-executive Director of our Company.*
- (2) *On November 11, 2008, Mr. Suolang Duoji and Nice Ace entered into a loan agreement with Investec Bank, pursuant to which Investec Bank may in its sole discretion, take delivery of the 55,714,286 Shares currently owned by Nice Ace in lieu of cash repayment of the loan if our Company completes an IPO within 18 months after the drawdown date. If Investec Bank elects to take delivery of the shares, the percentage holding of Nice Ace will decrease accordingly. See "History, Reorganization and Corporate Structure — Loan Agreement between Mr. Suolang and Investec Bank" for a description of the loan arrangement.*

As at the Latest Practicable Date, the following options have been conditionally granted to the following Directors under the Pre-IPO Share Option Scheme:

<u>Name of Director</u>	<u>Date of grant</u>	<u>Number of Shares subject to the option</u>	<u>Exercise price</u>
Zhang Daming	April 30, 2008	4,218,000	Offer Price
Deng Xianxue	April 30, 2008	3,990,000	Offer Price
Li Xudong	April 30, 2008	3,192,000	Offer Price

2. Substantial Shareholders

So far as the Directors are aware, immediately following completion of the Global Offering, and taking no account of any Shares which may be allotted and issued or transferred pursuant to the exercise of the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme and the arrangement among Mr. Suolang Duoji, Nice Ace and Investec Bank, the following persons (other than the Directors and the chief executive of our Company) will have or be deemed or

taken to have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly, interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

(i) Interests in our Company

<u>Name</u>	<u>Long/short position</u>	<u>Our Company or other members of our Group</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Nice Ace ⁽¹⁾	Long	Company	Beneficial owner	828,864,400	43.1%
Nice Ace ⁽²⁾	Short	Company	Beneficial owner	55,714,286	2.9%
Mandra Mirabilite ⁽³⁾	Long	Company	Beneficial owner	266,238,000	13.8%
Woo Foong Hong ⁽⁴⁾	Long	Company	Interest of a controlled corporation	266,238,000	13.8%
Moonchu ⁽⁵⁾	Long	Company	Interest of a controlled corporation	266,238,000	13.8%

Notes:

- (1) *Nice Ace, a limited liability company incorporated in the BVI, is wholly owned by Mr. Suolang Duoji.*
- (2) *On November 11, 2008, Mr. Suolang Duoji and Nice Ace entered into a loan agreement with Investec Bank, pursuant to which Investec Bank may in its sole discretion, take delivery of the 55,714,286 Shares currently owned by Nice Ace in lieu of cash repayment of the loan if our Company completes an IPO within 18 months after the drawdown date. If Investec Bank elects to take delivery of the shares, the percentage holding of Nice Ace will decrease accordingly. See "History, Reorganization and Corporate Structure — Loan Agreement between Mr. Suolang and Investec Bank" for a description of the loan arrangement.*
- (3) *Mandra Mirabilite, a limited liability company incorporated in the BVI, is wholly owned by Woo Foong Hong.*
- (4) *Woo Foong Hong, a limited liability company incorporated in the BVI, is owned by Moonchu and is deemed to be interested in the 266,238,000 Shares held by Mandra Mirabilite under the provisions of the SFO.*
- (5) *Moonchu, a tax-exempt charity established by Mr. Zhang Songyi and his family, held the entire issued share capital of Woo Foong Hong which in turn held the entire issued share capital of Mandra Mirabilite. Moonchu is deemed to have an interest in the 266,238,000 Shares held by Mandra Mirabilite under the provisions of the SFO.*

(ii) Interests in Chuanmei Mirabilite

<u>Name</u>	<u>Nature of interest</u>	<u>Approximate percentage of shareholding</u>
Sichuan First	Beneficial owner	10%

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

3. Particulars of Directors' service contracts

(1) Each of the executive Directors has entered into a service contract with our Company. Particulars of these contracts, except as indicated, are in all material respects identical and are summarized below:

- (a) each of the executive Directors is appointed for an initial term of three years commencing from the Listing Date;
- (b) each of the executive Directors is entitled to the respective annual salary set out below (subject to an annual review);
- (c) each of the executive Directors is entitled to an annual discretionary bonus and a year end payment after working for 12 months, provided that the aggregate amount of discretionary bonus payable to all executive and non-executive Directors for any financial year of the Company may not exceed five per cent of the audited consolidated profits attributable to our Shareholders (after deducting tax and profit attributable to minority) in respect of the relevant financial year of our Company. An executive Director may not vote on any resolution of the Directors regarding the amount of bonus payable to him/her. The amount of the annual year end payment shall equal to the monthly salary of the corresponding executive Director and shall be subject to the review and adjustment of our Company. In the event the service period of the executive Director is less than 12 months in the relevant financial year, the annual year end payment will be distributed on a pro rata basis.
- (d) each service contract may be terminated by either party thereto giving to the other party not less than three months' prior notice in writing; and
- (e) the basic annual salaries of the executive Directors are as follows:

Zhang Daming	HK\$1,040,000
Deng Xianxue	HK\$1,040,000
Li Xudong	RMB454,000

(2) Each of the non-executive Directors has entered into a service contract with our Company. Particulars of these contracts, except as indicated, are in all material respects identical and are summarized below:

- (a) each of the non-executive Directors is appointed for an initial term of three years commencing from the Listing Date;
- (b) each of the non-executive Directors is entitled to the respective annual salary set out below (subject to an annual review);
- (c) each of the non-executive Directors is entitled to an annual discretionary bonus and a year end payment after working for 12 months, provided that the aggregate amount of discretionary bonus payable to all executive and non-executive Directors for any financial year of the Company may not exceed five per cent of the audited consolidated profits attributable to our Shareholders (after deducting tax and profit attributable to minority) in respect of the relevant financial year of our Company. A non-executive Director may not vote on any resolution of the Directors regarding the amount of bonus payable to him. The amount of the annual year end payment shall equal to the monthly salary of the corresponding non-executive Director and shall be subject to the review and adjustment of our Company. In the event that the service period of the non-executive Director is less than 12 months in the relevant financial year, the annual year end payment will be distributed on a pro-rata basis.

- (d) each service contract may be terminated by either party thereto giving to the other party not less than three months' prior notice in writing; and
- (e) the basic annual salaries of the non-executive Directors are as follows:

Suo Lang Duo Ji	HK\$1,300,000
Wang Chun Lin	HK\$1,404,000
Zhang Songyi	HK\$1,300,000

(3) Each of the independent non-executive Directors has signed a letter of appointment with our Company. Particulars of these appointment letters, except as indicated, are in all material respects identical and are summarized below:

- (a) each of the independent non-executive Directors is appointed for an initial term of three years commencing from the Listing Date;
- (b) each appointment letter may be terminated by either party thereto giving to the other party not less than three months' prior notice in writing; and
- (c) the annual fees payable to each of the independent non-executive Directors are as follows:

Patrick Logan Keen	HK\$400,000
Koh Tiong Lu John	HK\$300,000
Wong Chun Keung	HK\$300,000

4. Directors' remuneration

During the year ended December 31, 2008, the aggregate of the remuneration paid and benefits in kind granted to the Directors by our Group were approximately RMB8.1 million. Further information in respect of the Directors' remuneration is set out in Appendix I to this prospectus.

Under the arrangements currently in force, the estimated amount of directors' fees and other emoluments payable to the Directors for the year ending December 31, 2009 will be approximately HK\$5,560,000.

5. Related party transactions

The Group entered into certain related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 33 of the section headed "Notes to the Financial Information" of the Accountants' Report set out in Appendix I to this prospectus.

6. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

7. Disclaimers

Save as disclosed herein:

- (a) none of the Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within

the meaning of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed;

- (b) none of the Directors or experts referred to under the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) the Directors are not aware of any person (not being a Director or the chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested, directly or indirectly, in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (f) none of the experts referred to under the paragraph headed “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) none of the Directors, their respective associates (as defined under the Listing Rules), or our Shareholders of our Company who are interested in more than 5 per cent. of the issued share capital of our Company has any interest in our Group’s five largest customers and five largest suppliers.

D. OPTION SCHEMES

I. Pre-IPO Share Option Scheme

(a) Summary of terms of the Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognize the contribution to our Group by the executive Directors, senior managerial staff and employees of our Group and to retain those persons whose contributions are important to the long-term growth and profitability of our Group.

The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of our Shareholders dated April 30, 2008 are set out as follows:

(i) Conditions

The grant of options under the Pre-IPO Share Option Scheme is subject to the following conditions:

- (a) the passing of the necessary resolutions of our Shareholders to approve and adopt the rules of the Pre-IPO Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting for the Listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of the options under the Pre-IPO Share Option Scheme;
- (c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with their terms or otherwise; and
- (d) the commencement of dealings in the Shares on the Stock Exchange.

(ii) The Grantees

The Pre-IPO Share Option Scheme is available to those individuals who are granted options by the Board in its discretion by reason of their contribution to our Group as prerequisite conditions for the option grantees to exercise their options and, subject to the approval of the Board, a person or persons who, in accordance with the applicable laws of succession, is or are entitled to any such options in consequence of the death of any such grantees.

(iii) Number of Shares

The total number of Shares subject to the Pre-IPO Share Option Scheme is 76,000,000 Shares.

(iv) Subscription Price

The subscription price for each Share under the Pre-IPO Share Option Scheme is the Offer Price.

(v) Duration of Scheme

The Pre-IPO Share Option Scheme will remain in force for a period commencing on the date on which the Pre-IPO Share Option Scheme was adopted by our Shareholders and ending on the Latest Practicable Date (both dates inclusive), and after which no further options will be offered or granted under the Pre-IPO Share Option Scheme but in other respects the provisions of the Pre-IPO Option Scheme shall remain in full force and effect.

(vi) Exercise of Options

Options granted under the Pre-IPO Share Option Scheme can only be exercised in the following manner:

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

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

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

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

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

(vii) Rights Personal to Grantees

The options shall be personal to the grantee and shall not be assignable. The grantees shall not sell, transfer, charge, mortgage, encumber, create any interest (legal or beneficial) or otherwise dispose of the options and any reach of the foregoing shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(viii) Lapse of Options

The options shall lapse automatically upon:

- (a) the expiry date of the exercise period;

- (b) the expiry of any of the periods referred to in any events of takeover, compromise, merger, restructuring or winding-up of our Company as stipulated in the terms of the Pre-IPO Share Option Scheme;
- (c) the date on which any proposed compromise, merger or restructuring of our Company, as stipulated in the terms of the Pre-IPO Share Option Scheme, shall take effect;
- (d) the date of commencement of the winding-up of our Company;
- (e) the date on which the grantee ceases to be an employee of our Group by reasons of his/her resignation (upon 30 days' prior written notice to our Company) or dismissal with cause, or by reason of the termination of his/her relationship with our Group on any one or more of the grounds that he/she has been guilty of serious misconduct or has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of our Group (if so determined by the Board) or any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group;
- (f) the date on which the Board cancels the options as a result of the grantee's breach of the stipulations in the terms of the Pre-IPO Share Option Scheme that the grantee shall not dispose, transfer, pledge, charge, encumber or create an interest in favor of third party in relation to any options granted; or
- (g) the date on which the options are cancelled by the Board in accordance with the terms of the Pre-IPO Share Option Scheme.

(ix) *Ranking of Shares*

The Shares to be allotted and issued upon the exercise of the options shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the options are exercised.

(x) *Right to Cancel Options*

Our Company shall have the right to cancel any options granted prior to the Listing without paying any compensation to the grantees with a view to obtaining the approval for Listing.

(xi) *Maximum Number of Shares to be Allotted*

The aggregate number of the Shares to be allotted and issued under the options which are not yet exercised shall not exceed approximately 5% of the total issued share capital of our Company immediately before completion of the Global Offering.

(b) *Outstanding Options Granted under the Pre-IPO Share Option Scheme*

As of the Latest Practicable Date, options to subscribe for an aggregate of 76,000,000 Shares (representing approximately 5% of the total issued share capital of our Company immediately before completion of the Global Offering) have been conditionally granted to 198 participants by our Company in consideration of HK\$1 for each grant under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on April 30, 2008 and no further options will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date. Assuming that all the options granted under the Pre-IPO Share Option Scheme had been exercised in full on the Listing Date and that 2,000,000,000 Shares, comprising 1,924,000,000 Shares to be in issue immediately after the Global Offering and 76,000,000 Shares to be issued upon the exercise

of all the options granted under the Pre-IPO Share Option Scheme and assuming the Global Offering was completed on January 1, 2009, but not taking into account any Shares which may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme, this would have a dilutive effect on the pro forma forecast basic earnings per Share for the year ending December 31, 2009 from approximately RMB0.26 to approximately RMB0.25. The Directors have confirmed that the grant and exercise in full of all options granted under the Pre-IPO Share Option Scheme will cause no material adverse change in the financial position of our Company.

Application has been made to the Listing Committee of the Stock Exchange for the Listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the outstanding options granted under the Pre-IPO Share Option Scheme.

Particulars of the options granted under the Pre-IPO Share Option Scheme are as follows:

<u>Name and title of grantee</u>	<u>Date of joining our Company</u>	<u>Residential address</u>	<u>No. of Shares to be issued upon full exercise of options</u>	<u>% of total no. of Shares to be issued upon full exercise of options</u>	<u>% of total issued share capital immediately after Global Offering ^(Note)</u>
<u>Directors</u>					
Zhang Daming (executive Director and chief executive officer)	August 25, 2004	# 3-11 Sanlizhaiyuan, 6 Zhonghe Avenue Chengdu PRC	4,218,000	5.550	0.219
Deng Xianxue (executive Director)	January 15, 2005	# 6-1-7, 8 Zhixin Road Wuhou District Chengdu PRC	3,990,000	5.250	0.207
Li Xudong (executive Director)	August 25, 2004	# 25-4-5, 1 Binhe Road Fuhe Yinyue Garden Huayang District Shuang Liu County Chengdu PRC	3,192,000	4.200	0.166
<u>Senior Management</u>					
Zhu Ben Yu (chief financial officer and company secretary)	December 17, 2007	Flat 22G Block 10 Villa Esplanada Tsing Yi New Territories Hong Kong	3,042,000	4.003	0.157
Zhu Jimin (mining director)	August 25, 2004	384# Meixiang Road Dongpo District Meishan PRC	2,857,000	3.759	0.154
Li Chunxian (chief engineer)	August 25, 2004	23-2-3, Binhe Road No.1 (Section 4) Huayang County, Sichuan Province PRC	1,968,000	2.589	0.102

Name and title of grantee	Date of joining our Company	Residential address	No. of Shares to be issued upon full exercise of options	% of Total no. of options shares granted	% of total issued share capital immediately after Global Offering ^(Note)
Gou Xingwu (human resources and purchase director)	August 25, 2004	384# Meixiang Road Dongpo District Meishan PRC	2,857,000	3.759	0.154
Li Hongqing (production director)	August 25, 2004	384# Meixiang Road Dongpo District Meishan PRC	2,731,000	3.593	0.142
Liu Qiru (deputy chief engineer)	August 25, 2004	384# Meixiang Road Dongpo District Meishan PRC	1,967,000	2.588	0.102
Cao Bin (deputy general manager of Chuanmei Mirabilite and Chuanmei Glauber Salt)	September 29, 2004	1-6-2, Xingda No.2 Da An District Zigong, Sichuan Province PRC	1,968,000	2.589	0.102
		Sub-total: 10 grantees who are Directors or senior management of our Group	28,790,000	37.88	1.50
188 grantees who are employees of our Group			47,210,000	62.12	2.45
		Total: 198 grantees	76,000,000	100	3.95

Note:

Assuming that all options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme are not exercised.

Assuming that all the outstanding options granted under the Pre-IPO Share Option Scheme were exercised in full on the Listing Date, the shareholding interest of the public would be changed from 30.0% to approximately 28.9% of our total issued share capital, taking into no account of any Shares that may be allotted and issued or transferred pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme.

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

(c) Exemption from the SFC and Waiver from the Stock Exchange

In accordance with section 342(1)(b) and paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, our Company shall disclose in this prospectus the names, addresses and the number of options granted to each of the grantees under the Pre-IPO Share Option Scheme and other required particulars such as the exercisable period, the price payable for subscription of Shares under an option, and the consideration given for grant of an option.

In accordance with Rule 17.02(1)(b) of the Listing Rules, our Company shall disclose full details of all outstanding options and their potential dilutive effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the exercise of such outstanding options in respect of the Pre-IPO Share Option Scheme. It is also required in paragraph 27 of Appendix 1A of the Listing Rules that our Company shall disclose all particulars of any capital of any member of our Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact with giving the names and addresses of the grantees.

Our Company has applied to (i) the SFC for a certificate of exemption under section 342A of the Companies Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, and (ii) the Stock Exchange for a waiver from full compliance with the disclosure requirements of Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules, in respect of the names and addresses of the employees of our Group to whom options have been granted under the Pre-IPO Share Option Scheme on the ground that full compliance with these requirements would be unduly burdensome for our Company for the following reasons:

- (a) The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of our Company.
- (b) Under the Pre-IPO Share Option Scheme, there are, in total, 198 grantees comprised of 3 Directors, 7 senior managerial staff and 188 employees of our Group. Full disclosure of the required particulars of the entitlements of both senior managerial staff and employees of our Group under the Pre-IPO Share Option Scheme on an individual basis would be costly and unduly burdensome for our Company to comply with.
- (c) Our Company considers that disclosure of the information in the section headed “Outstanding Options Granted under the Pre-IPO Share Option Scheme” already provided potential investors with necessary and sufficient information for them to make an informed assessment of the potential dilutive effect and impact on earnings per share of the options granted under the Pre-IPO Share Option Scheme.

The Stock Exchange has granted the waiver on the conditions that:

- (a) the following information and particulars shall be disclosed in this prospectus:
 - (i) on an individual basis, the details of all options granted under the Pre-IPO Share Option Scheme to the Directors of our Company and its subsidiaries, members of senior management of our Group and the Connected Persons of our Group, and such details shall include all information and particulars required under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;
 - (ii) on an aggregated basis, other than those grantees as referred to in paragraph (a)(i), the number of grantees and the number of Shares to be subscribed for under the options granted under the Pre-IPO Share Option Scheme, the consideration paid for the grant of the options granted under the Pre-IPO Share Option Scheme, the period during which the options granted under the Pre-IPO Share Option Scheme are exercisable, and the subscription price to be paid for the Shares upon exercise of the options granted under the Pre-IPO Share Option Scheme;

- (iii) the dilutive effect and impact on earnings per share upon full exercise of the option granted under the Pre-IPO Share Option Scheme;
 - (iv) the aggregate number of Shares subject to the outstanding options granted by our Company under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital of which such number represents; and
- (b) a list of all grantees (including both the senior managerial staff and the employees of our Group) of the options granted by our Company under the Pre-IPO Share Option Scheme providing information required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I to the Third Schedule to the Companies Ordinance will be available for public inspection in accordance with the paragraph headed "B. Documents Available for Inspection" in Appendix IX to this prospectus.

The SFC has granted the exemption on the following conditions:

- (a) the following information and particulars shall be disclosed in this prospectus:
- (i) on an individual basis, the details of all options granted under the Pre-IPO Share Option Scheme to the Directors of our Company and its subsidiaries, members of senior management of our Group, and such details shall include all information and particulars required under paragraph 10 of the Part I of the Third Schedule to the Companies Ordinance;
 - (ii) on an aggregated basis, other than those grantees as referred to in paragraph (a)(i), the number of grantees and the number of Shares to be subscribed for under the options granted under the Pre-IPO Share Option Scheme, the consideration paid for the grant of the options granted under the Pre-IPO Share Option Scheme, the period during which the options granted under the Pre-IPO Share Option Scheme are exercisable, and the subscription price to be paid for the Shares upon exercise of the options granted under the Pre-IPO Share Option Scheme; and
- (b) a list of all grantees (including both the senior managerial staff and the employees of our Group) of the options granted by our Company under the Pre-IPO Share Option Scheme providing information required under paragraph 10 of Part I to the Third Schedule to the Companies Ordinance will be available for public inspection in accordance with the paragraph headed "B. Documents Available for Inspection" in Appendix IX to this prospectus.

The Directors are also of the view that, in considering the above conditions or requirements undertaken by our Company, the non-compliance with the relevant disclosure requirements under section 342A of the Companies Ordinance and of Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules will not prevent our Company from providing an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company to its perspective investors.

II. Share Option Scheme

1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme (the “Scheme”) and adopted conditionally approved by a resolution of our Shareholders passed on May 26, 2009 (the “Adoption Date”):

For the purpose of this section, unless the context otherwise requires:

“Offer Date”	means the date of grant of the Option in accordance with the Scheme;
“Grantee”	means any Participant (as defined below) who accepts an offer of grant of any Option in accordance with the terms of the Scheme of (where the context so permits) a person entitled, in accordance with the laws of succession, to any Option in consequence of the death of the original Grantee;
“Options”	means the options to subscribe for Shares pursuant to the Scheme;
“Option Period”	means the period of time where the Grantee may exercise the Option, which period shall not be more than 10 years from the Offer Date to be notified by the Board to each Grantee which period of time shall commence on the Offer Date and expire on the last day of such period as determined by the Board;
“Shares”	means fully-paid ordinary shares of US\$0.00001 each in the share capital of our Company (or, if there has been a consolidation, reduction, re-classification, sub-division or reconstruction of the share capital of our Company, ordinary shares forming part of the equity share capital of our Company of such revised amount as shall result from such sub-division, consolidation, reduction, reclassification or reconstruction of such ordinary shares from time to time);

(a) Who may join

The Directors may at their absolute discretion grant Options to all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to our Company or our Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to our Company or our Group and each of the persons mentioned above is referred to as a “Participant”.

(b) Purpose of the scheme

The purpose of the Scheme is to provide the people and the parties working for the interests of our Group with an opportunity to obtain an equity interest in our Company, thus linking their interest with the interest of our Group and thereby providing them with an incentive to work better for the interest of our Group.

(c) Conditions

The Scheme is conditional upon:

- (i) the passing of a resolution by our Shareholders approving the terms of the Scheme;
- (ii) the Listing Committee granting the Listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and granting the Listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of the Options granted under the Scheme; and

- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of such agreements or otherwise.

(d) Duration and administration

The Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary of the Listing Date (the “Scheme Period”), after which period no further options shall be granted but the provisions of the Scheme shall remain in full force and effect in all other respects in respect of Options remaining outstanding and exercisable on the expiry of the Scheme Period.

The Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided in the Scheme) shall be final and binding on all parties.

(e) Grant of Options

An offer of the grant of Options shall be made to a Participant in writing in such form as the Board may from time to time determine specifying, *inter alia*, the maximum number of Shares in respect of which such offer is made and requiring the Participant to undertake to hold the Options on the terms of which they are to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Eligible Person to whom the offer is made for a period of twenty eight (28) days (or such other period as the Board may determine) from the Offer Date provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the Scheme has been terminated in accordance with the terms of the Scheme.

On and subject to the terms of the Scheme, the Board shall be entitled at any time during the Scheme Period to offer to grant Options to any Participant as the Board may at its absolute discretion select, and subject to such conditions and restrictions as the Board may think fit.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Options, duly signed by the Participant, together with the remittance of HK\$1 in favor of our Company, irrespective of the number of Shares in respect of which the Options is accepted, as consideration for the grant is received by our Company within twenty eight (28) days from the Offer Date (or such other period as the Board may determine).

The Offer Date shall be the date on which the offer relating to such Options are duly approved by the Board in accordance with the Scheme.

(f) Price sensitive information

No offer of Options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published by our Company. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of our Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules), and (ii) the deadline of our Company to publish its interim or annual results announcement under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Options may be granted. The period during which no Options may be granted will cover any period of delay in the publication of a results announcement.

(g) Grant of Options to connected persons

Where a grant of Options to a Connected Person of our Company under the Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

Where any Options granted to a Substantial Shareholder (as defined in the Listing Rules) of our Company or an independent non-executive Director or any of their respective associates would result in the number and value of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding Options which have lapsed) to such person in the 12-month period up to and including the date of such grant (i) exceeding in aggregate over 0.1% of the Shares in issue; and (ii) exceeding an aggregate value, (based on the closing price of the Shares on the Stock Exchange at the Offer Date) in excess of HK\$5 million, such further grant of Options must be approved by the Shareholders by taking of a poll in a general meeting. The Company must send a circular to the Shareholders. All Connected Persons of our Company must abstain from voting (except that any Connected Person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular) at the general meeting. The circular must contain: (i) detail of the number and terms (including the Subscription Price (as defined below) of the Options to be granted to each Participant, which must be fixed before the general meeting concerned; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options) to the independent Shareholders as to voting; and (iii) the information required under the relevant provisions of Chapter 17 of the Listing Rules.

(h) Subscription price

The subscription price in respect of any particular Options shall be such price as the Board may at its absolute discretion determine at the time of the grant of the relevant Options (and shall be stated in the letter containing the offer of the grant of the Options (the “Subscription Price”)), but in any case the Subscription Price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) business days immediately preceding the Offer Date; and (iii) the nominal value of a Share. For the purpose of calculating the Subscription Price where our Company has been listed for less than five (5) business days, the Offer Price shall be used as the closing price of any business day falling within the period before Listing.

(i) Rights are personal to Grantee

Options shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor or any third party over or in relation to any Options or attempt to do so.

(j) Exercise of Options

Subject to any condition or restriction in connection with the exercise of the Options which may be imposed by the Board when granting the Options and other provisions of the Schemes, the Options may be exercised by the Grantee (or his legal personal representative) at any time during the Option Period, provided that paragraph (k), (l) or (m) below has been satisfied.

(k) Rights on ceasing employment

In the event that the Grantee ceases to be a Participant for any reason (other than on his death) including the termination of his employment or engagement with our Group on one or more of the grounds specified in

(r)(vi) below, the Option granted to such Grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable unless the Board otherwise determines to grant an extension at the absolute discretion of the Board in which event the Grantee may exercise the Option within such period of extension and up to a maximum entitlement directed at the absolute discretion of the Board on the date of grant of extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of the Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his cessation to be a Participant or the relevant Option Period, whichever is earlier.

(l) Rights on death

In the event the Grantee who is an individual dies before exercising the Option in full and none of the events which would be a ground for termination of his employment or engagement under (r)(vi) arises, the personal representative(s) of the Grantee shall be entitled to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable and not already exercised) within a period of 12 months from the date of death (provided that such exercise is made during the Option Period) or such longer period as the Board may at its absolute discretion determine.

(m) Rights on a take-over or share repurchase

If a general or partial offer, whether by way of take-over or share re-purchase offer (but other than by way of scheme of arrangement), is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (within the meaning of the Codes on Takeovers and Mergers and Share Repurchases) with the offeror) and if such offer becomes or is declared unconditional prior to the expiry of the relevant Option Period, the Grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(n) Rights on a compromise or arrangement

Other than a general or partial offer by way of a scheme of arrangement contemplated under the Scheme, if a compromise or arrangement between our Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all the Grantees on the same date as it dispatches the notice which is sent to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee may by notice in writing to our Company accompanied by the remittance for the full amount of the Subscription Price in respect of the relevant Option (such notice to be received by our Company not later than two Business Days before the proposed meeting) exercise any of his Options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Our Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Scheme. Our Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(o) Rights on winding-up by court order

If a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith after it despatches such notice to each member of our Company give notice thereof to all the Grantees and thereupon, each Grantee (or his respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company, accompanied by the remittance for the full amount of the Subscription Price in respect of the relevant Option (such notice to be received by our Company not later than two Business Days prior to the proposed general meeting of our Company) exercise the Option (to the extent which has become exercisable and not already exercised) whether in full or in part and our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder of such Shares.

(p) Ranking of shares

The Shares to be allotted and issued upon the exercise of Options will be subject to the Articles of Association in force at that time including with respect to voting and transfer rights and rights arising on a liquidation of our Company and will rank *pari passu* in all respects with the fully paid Shares in issue as of the date of allotment and thereafter the holders thereof will be entitled to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

(q) Performance target

The Grantee will not be required to achieve, meet or exceed any performance targets before that particular Grantee can exercise the Options granted, except those otherwise imposed by the Board pursuant to paragraph (e) above and/or stated in the offer of grant of the Options.

(r) Lapse of options

The right to exercise an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraph (k), (l) or (n), where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (m);
- (iv) subject to the scheme of arrangement becoming effective, the Grantee may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice;
- (v) subject to the expiry of the period of extension (if any) referred to in paragraph (k), the date on which the grantee ceases to be a Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;

- (vi) the date on which the grantee of an option ceases to be a Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency, and conviction of any criminal offence;
- (vii) subject to paragraph (o) the date of the commencement of the winding-up of our Company;
- (viii) the date on which the grantee commits a breach of paragraph (i); or
- (ix) the date on which the option is cancelled by the Board as set forth in paragraph (t).

(s) *Maximum number of Shares available for subscription*

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other schemes of our Company must not exceed in aggregate 30 per cent. of the Shares of our Company in issue from time to time (the “Overall Scheme Limit”). No Options may be granted under any schemes of our Company (or its subsidiaries) if such grant will result in the Overall Scheme Limit being exceeded. The total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other schemes must not in aggregate exceed 10 per cent. of the Shares of our Company (or the subsidiary) in issue immediately following the completion of the Global Offering (excluding the exercise of the options granted under the Pre-IPO Share Option Scheme), being 192,400,000 Shares (the “Scheme Mandate Limit”) for this purpose. Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to the Overall Scheme Limit, our Company may seek approval from our Shareholders in general meeting for “refreshing” the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all Options to be granted under all of the schemes of our Company under the limit as “refreshed” must not exceed 10 per cent. of the Shares in issue as of the date of approval by our Shareholders of the renewed limited (the “Refreshed Scheme Mandate Limit”); Options previously granted under any existing schemes (including those outstanding, cancelled or lapsed in accordance with the Scheme or exercised Options) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit. The Company must send a circular to our Shareholders containing the information required under the relevant provisions of Chapter 17 of the Listing Rules.

Subject to the Overall Scheme Limit, our Company may seek separate approval from our Shareholders in a general meeting for granting Options to subscribe for Shares beyond the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit (as the case may be) provided that the Options in excess of the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit are granted only to Participants specifically identified by our Company before such approval is sought and our Company must send a circular to our Shareholders containing the information specified in the relevant provisions of the Listing Rules. Unless approved by our Shareholders in general meeting at which the relevant Participant and his/her associates abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, the total number of Shares issued and to be issued upon exercise of the Options granted to such Participant (including exercised, cancelled and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue (the “Individual Limit”) at such time. With respect to any further grant of Options to an Participant exceeding in aggregate the Individual Limit, our Company must send a circular to our Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), and the information required under the relevant provisions of Chapter 17 of the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the general meeting at which the same are approved, and the date of the Board meeting for proposing such further grant should be taken as the Option Date for the purpose of calculating the Subscription Price.

(t) Cancellation of Options

The Board may, with the consent of the relevant Grantee and such consent shall not be unreasonably withheld, at any time cancel any Option granted but not exercised. Where our Company cancels the Options and offers new Options to the same Option holder, the offer of such new Options may only be made under this Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by our Shareholders as mentioned in paragraph(s) above.

(u) Alteration of capital structure

In the event of any alteration in the capital structure of our Company whilst any Options remain exercisable, whether by way of capitalization issue, rights issue, subdivision, consolidation, or reduction of the share capital of our Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Options so far as unexercised; or
- (ii) the Subscription Price,

or any combination thereof, as an independent financial adviser or the auditors for the time being of our Company shall at the request of the Board certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of our Company as that to which the Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes and/or any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time), provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors for the time being of our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees. The costs of the independent financial adviser or the auditors for the time being of our Company shall be borne by our Company.

(v) Alteration of Scheme

- (i) subject to (ii) below, the terms and conditions of the Scheme may be altered by resolution of the Board from time to time except that the provisions relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to extend the class of persons eligible for the grant of Options or to the advantage of Grantees or Participants except with the prior approval of the Shareholders in general meeting, with Grantees and their associates abstaining from voting, and no such alteration shall not operate to affect materially and adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles of Association for the time being for a variation of the rights attached to the Shares;
- (ii) any alterations of the terms and conditions of the Scheme, which are of a material nature or change the authority of the Board, shall be approved by the Stock Exchange and the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Scheme;

- (iii) the amended terms of the Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (iv) any change to the authority of our Directors or scheme administrators, if any, in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

(w) Termination of Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options shall be offered but in all other respects the provisions of the Scheme shall remain in full force and effect. Options granted prior to such termination but not exercised shall continue to be valid and exercisable subject to and in accordance with the Scheme.

2. Present status of the Share Option Scheme

As of the Latest Practicable Date, no Option has been granted or agreed to be granted under the Share Option Scheme. An application has been made to the Listing Committee of the Stock Exchange for the granting of the Listing of, and permission to deal in, the 192,400,000 Shares which may fall to be issued pursuant to the exercise of the Options granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the PRC and other jurisdictions in which the companies comprising our Group are incorporated.

2. Estate Duty and Tax Indemnity

The Controlling Shareholders (collectively the “Indemnifiers”) entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of our present subsidiaries). Each of the Indemnifiers has given joint and several indemnities in respect of, among other things, (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended from time to time)) to any member of our Group on or before the Listing Date, and (b) any tax liability which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date, save as to such circumstances including:

- (a) to the extent that full provision or allowance has been made for such taxation in the audited account of our Group for the years ended December 31, 2006, 2007 and 2008, as set out in Appendix I to this prospectus;
- (b) to the extent that such taxation arises or is incurred as a result of any retrospective change in law or retrospective increase in tax rates coming into force after the Listing Date;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any member(s) of our Group which is/are carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after December 31, 2008 or carried out or entered into pursuant to a legally binding commitment on or before December 31, 2008; or

- (d) to the extent of any provisions or reserve made for taxation in the audited accounts of any member of our Group up to December 31, 2008 which is finally established to be an over-provision or an excessive reserve.

3. Other Indemnities

Under the deed of indemnity referred to above, the Indemnifiers also jointly and severally agreed to indemnify us from and against all actions, claims, losses, payments, charges, settlement payments, costs, penalties, damages or expenses which any member of our Group may incur, suffer or accrue, directly or indirectly, arising from or in connection with:

- (a) the use and occupation by our Group of the two parcels of collectively-owned land (excluding the aggregate area of approximately 865.9 m² adjacent to the primary tunnels into the Dahongshan Mine and the Guangji Mine) and the buildings erected thereon (“Land and Buildings”) as referred to under “Business — Property” of this prospectus;
- (b) any material disruption to our Group’s operation caused by (i) relocation of the primary tunnels into the Dahongshan Mine and the Guangji Mine; or (ii) suspension or cessation of the use of the Land and Buildings pursuant to request made or order issued by the competent government authority;
- (c) the conduct of mining and production activities by our Group in the Guangji Mining Area before the mining right permit and other associated approvals and permits relating to but not limited to production safety, environmental protection and construction completion are obtained by our Group;
- (d) the use of explosives and the conduct of explosion activities by our Group in the Guangji Mining Area without the associated explosive permits;
- (e) any penalty resulting from the lack of construction project completion approval for the buildings erected on the collectively-owned land in the Guangji Mining Area; and
- (f) any penalty resulting from the lack of (i) approval for construction project; (ii) environmental effects approval; (iii) approval for completion-based check and acceptance for the environmental protection; (iv) approval of safety check and acceptance for completion of project; (v) approval of fire prevention check and acceptance for completion of project; and (vi) construction project completion approval for No.1, No.2 and No.5 thenardite production lines of the Dahongshan Mining Area.

or as a result of or in relation to all litigations, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings by or against any member of our Group which was issued, accrued and/or arising from any act of any member of our Group at any time.

4. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened by or against any member of our Group.

5. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme).

As regards to the independence of each of the Joint Sponsors:

- (a) Credit Suisse is not considered as an independent sponsor under Rule 3A.07 of the Listing Rules as the Facility Lenders under the Facility Agreement are two affiliates of Credit Suisse. Pursuant to the Facility Agreement, a portion of the net proceeds from the Global Offering will be used to repay such loan and as part of the consideration for providing the loan, the Facility Lenders were granted with the Warrants by the Controlling Shareholder, Nice Ace;
- (b) Somerley has met the criteria under Rule 3A.07 of the Listing Rules and is an independent sponsor to the Company.

6. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately RMB20,000 and are payable by our Group.

7. Promoter

The Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, no cash, securities or other benefits has been paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years preceding the date of this prospectus.

8. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Credit Suisse	licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) as defined under the SFO
Somerley	licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) as defined under the SFO
Grant Thornton	Certified public accountants
Grandall Legal Group (Shanghai)	PRC lawyers
Appleby	Cayman Islands attorneys-at-law
Jones Lang LaSalle Sallmanns Limited	Property valuer
John T. Boyd Company	Mining and geological consultant
Behre Dolbear & Company (USA), Inc.	Market research consultant

9. Consents of experts

Each of Credit Suisse (Hong Kong) Limited, Somerley Limited, Grant Thornton, Grandall Legal Group (Shanghai), Appleby, Jones Lang LaSalle Sallmanns Limited, John T. Boyd Company and Behre Dolbear & Company (USA), Inc. has given and has not withdrawn its written consent to the issue of this prospectus with the

inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which it is respectively included.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

11. Particulars of the Selling Shareholders

The particulars of each of Selling Shareholders are set out as follows (assuming that the Over-allotment Option is not exercised, no option granted under the Pre-IPO Share Option Scheme or the option that may be granted under the Share Option Scheme are exercised, and without taking into account the arrangement among Mr. Suolang Duoji, Nice Ace and Investec Bank):-

Name:	Nice Ace Technology Limited
Place of Incorporation:	British Virgin Islands
Date of Incorporation:	March 20, 2007
Registered Office:	Portcullis TrustNet (BVI) Limited Portcullis TrustNet Chambers P.O. Box 3444 Road Town, Tortola British Virgin Islands
Shares sold:	142,142,000 Shares

Name:	Mandra Mirabilite Limited
Place of Incorporation:	British Virgin Islands
Date of Incorporation:	November 21, 2006
Registered Office:	Portcullis TrustNet (BVI) Limited Portcullis TrustNet Chambers P.O. Box 3444 Road Town, Tortola British Virgin Islands
Shares sold:	7,362,000 Shares

Name:	AAA Mining Limited
Place of Incorporation:	British Virgin Islands
Date of Incorporation:	May 18, 2007
Registered Office:	Portcullis TrustNet (BVI) Limited Portcullis TrustNet Chambers P.O. Box 3444 Road Town, Tortola British Virgin Islands
Shares sold:	3,346,000 Shares

Name:	Mandra Esop Limited
Place of Incorporation:	British Virgin Islands
Date of Incorporation:	January 8, 2008
Registered Office:	Portcullis TrustNet Chambers P.O. Box 3444 Road Town, Tortola British Virgin Islands
Shares sold:	7,361,000 Shares

Name: Credit Suisse International
Place of Incorporation: United Kingdom
Date of Incorporation: May 9, 1990
Registered Office: One Cabot Square
London
E14 4QJ
England
Shares sold: 11,041,000 Shares

Name: Credit Suisse, Singapore Branch
Place of Registration: Singapore
Date of Registration: March 8, 1973
Address: 1 Raffles Link
#03/#04-01 South Lobby
Singapore 039393
Shares sold: 1,948,000

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Advisory fees or commissions received

The Underwriters will receive an underwriting commission and the Joint Sponsors will in addition receive a financial advisory fee as referred to in the paragraphs “Commission” and “Total Commissions and Expenses” under the section headed “Underwriting” in this prospectus.

14. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founder, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries;
 - (vi) our Group has no outstanding convertible debt securities or debentures.

- (b) No member of our Group is presently listed on any stock exchange or traded on any trading system.
- (c) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus.
- (d) All necessary arrangements have been made to enable the Shares to be admitted into the CCASS for clearing and settlement.
- (e) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospectus of our Group since December 31, 2008 (being the date to which the latest audited combined financial statements of our Group were made up).
- (f) Our Directors have been advised that, under the Cayman Companies Law, the use of a Chinese name by our Company for identification purposes only does not contravene the Cayman Companies Law.
- (g) There is no arrangement under which future dividends are waived or agreed to be waived.
- (h) As at the date of this Prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.