Investing in the Offer Shares involves a high degree of risk. You should carefully consider all of the information set out in this Prospectus, including the risks and uncertainties described below in respect of, inter alia, our business and industry, when considering making an investment in the Offer Shares being offered in this Global Offering. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. As a result, the trading price of the Offer Shares being offered in this Global Offering could decline and you could lose all or part of your investment.

These risks can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in China; and (iv) risks relating to the Shares and the Global Offering.

RISKS RELATING TO OUR BUSINESS

As a developing mining company with a limited operating history, we cannot guarantee that we will generate revenue and grow our business as planned.

Our operating history is very limited. Sichuan Jinshida, our principal operating entity in the PRC, was established in 2005 and our business is still in an early stage of development. We commenced commercial production at our Zhangjiaba Mine in September 2010. During the Track Record Period, we focused on preparing the Zhangjiaba Mine for commercial production. As a result, we incurred a loss of RMB1.8 million, RMB5.4 million and RMB21.2 million for the period from 14 March 2008 to 31 December 2008, the year ended 31 December 2009 and the eleven months ended 30 November 2010, respectively. In addition, we had negative operating cash flows during the Track Record Period. Our limited operating history makes the evaluation of our business and prediction of our future operating results and prospects difficult. We believe that period-to-period comparisons of our operating results may not be meaningful and the results for any period should not be relied upon as an indication of future performance.

In addition, we have encountered and may continue to encounter risks and uncertainties frequently experienced by companies in the early stages of mine development, including those relating to:

- our ability to manage large-scale mining operations and to maintain effective control over operating costs and expenses;
- our ability to ramp up our capacities according to our plan;
- the quality of our marble slabs and blocks;
- our ability to develop and maintain internal personnel, systems and procedures to ensure compliance with the extensive regulatory requirements applicable to mining industry in the PRC;
- our ability to respond to changes in our regulatory environment;
- our ability to manage the logistics, utility and supply needs of our expanded operations; and
- our ability to implement, monitor and enhance our internal control system.

Our business operation depends on a single mining project.

As at the Latest Practicable Date, we had only one mining project, the Zhangjiaba Mine, which we expect to be our only operating mine in the near term and on which we will depend for substantially all of our operating revenue and cash flows in the near term. The Zhangjiaba Mine is still in its early stages of development, and its operations are subject to a number of operating risks and hazards as described elsewhere in the section headed "Risk Factors" in this Prospectus. If we fail to derive the expected economic benefits from the Zhangjiaba Mine due to any delay or difficulty in its development, the occurrence of any event that causes it to operate at less-than-optimal capacity or any other negative development as described elsewhere in this section, our business, financial condition and results of operations could be materially and adversely affected.

We derive revenue from a limited number of products.

Our principal products are marble slabs processed and blocks mined from our marble reserves. Our beige marble products are expected to be used primarily as decorative surfacing materials for high-end commercial and public buildings, such as hotels, office buildings, museums and memorial halls. As a result, our business and profitability is dependent on our end customers' preference and demand for premium beige marble products. Although the market demand for beige marble products is currently high and the market price of premium beige marble products, including ours, is relatively high compared to products of other colors, an adverse change in market demand, customer preference or market prices for beige marble products could have a material adverse effect on our results of operations.

The quality of our products is subject to uncertainties.

The Zhangjiaba Mine is in an early stage of development. As a result, we cannot assure you that the color, texture, quality and other characteristics of the beige marble slabs processed and blocks mined from our Zhangjiaba Mine will be consistent with the samples currently available to us. In particular, although we have entered into seven legally binding long-term sales contracts, we only made a limited number of deliveries under these contracts as at the Latest Practicable Date. Any failure to meet the requirements of any of these customers due to inferior product quality may result in harm to our reputation and reduction in orders or termination of contracts, which in turn may materially and adversely affect our business and results of operations.

Our business is exposed to uncertainties in relation to our ramp-up plan.

We have a very limited operating history. We are currently investing in the ramp-up of our marble block mining capacity and marble slab processing facilities located near the Zhangjiaba Mine. Our ramp-up plan requires significant development and construction to bring our mine and processing facilities to the planned levels of production. It may take longer than we currently anticipate to complete our ramp-up plan and there may be unforeseen delays before our mining facilities and marble slab processing facilities are able to operate at our planned capacity. For example, the near surface portions of the marble deposits are significantly affected by weathering fractures and karst caves, and producing a relatively low marble block rate. We may not be able to achieve our production goals in the upper portion of the deposit because it is highly cracked and crossed by several karst caves, which limits block production. The block rate is expected to reach the estimated 38% when the third bench (starting from approximately 890 m above MSL) of the mine is opened up for extraction, which is expected to take up to 12 months. In addition, at least 20% of the blocks mined from the third bench will be medium or small blocks. We could also experience other difficulties in achieving our planned mining and processing capacities. See "Business — Our Mineral Resources and Mining Rights — Our Marble Reserves" and "Appendix V — Competent Person's Report." As a result, any delay in completing our ramp-up, cost overruns, failure to obtain the intended economic benefits from our ramp-up or other reasons may adversely and materially affect our business, financial condition and results of operations.

We face risks and uncertainties associated with our mining and processing operations.

Our mining and processing operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include: (i) unexpected maintenance or technical problems; (ii) periodic interruptions for our mining operations due to inclement or hazardous weather conditions and natural disasters; (iii) industrial accidents; (iv) power or fuel supply interruptions; (v) critical equipment failures in our mining and processing operations; and (vi) unusual or unexpected variations in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas. These risks and hazards may result in personal injury, damage to, or destruction of, properties or production facilities, environmental damages, business interruptions and damage to our business reputation. In addition, the breakdown of machinery and equipment, difficulties or delays in obtaining replacement machinery and equipment, natural disasters, industrial accidents or other events could temporarily disrupt our operations.

Any disruption for a sustained period to the operations of our mine or processing plants or supporting infrastructure, or any change to the natural environment surrounding our mine, such as landslides, may have a material adverse effect on our business, financial condition and results of operations.

Failure to compete effectively with our competitors may adversely affect our business and prospects.

In the near term, we plan to focus on the domestic PRC beige marble market, which is highly fragmented and competitive. As our premium beige marble products are expected to be used primarily as decorative surfacing materials for high-end commercial and public buildings, such as hotels, office buildings, museums and memorial halls, we not only face the competition from domestic marble miners, but also, more importantly, the marble miners and suppliers from overseas. Such competition is driven by many factors, including marble mine quality, the ability to supply marble blocks in large quantity and with specified and consistent physical and appearance characteristics, brand recognition, transportation distance and delivery convenience and pricing. Some of our competitors may have greater financial, marketing, distribution and other resources and technological development capabilities than we do. In addition, beige marble resources are relatively plentiful in Sichuan, including areas surrounding the Zhangjiaba Mine, and certain other areas of China. If these resources are exploited, we will face additional competition from operators of these mines. Our failure to compete effectively could materially and adversely affect our business, financial condition, results of operations and market position.

Our business and product quality are affected by the performance of our third-party contractors.

We engage third-party contractors for marble slab processing during mine construction and other operations pursuant to service contracts. We currently do not operate any processing facilities and, therefore, we outsource the processing of our marble slabs to third parties. The quality of our marble slabs is affected by the processing quality of our third-party contractors. We may not be able to manage the quality of processing by third-party contractors effectively. As a result, our operations are affected by the performance of our third-party contractors. We may also be unable to successfully develop our own internal reliable processing capacities. If the quality of processing proves inconsistent among our third-party contractors and we are unable to ramp up our own processing capacities, our sales contracts may be terminated and orders may be reduced, which could result in harm to our reputation and price or volume reduction of our product sales, which may in turn materially and adversely affect our business and results of operations. In addition, because we do not have long-term cooperative relationships with each of our third-party contractors, any failure to retain our third-party contractors or seek replacements on favorable terms, or at all, may also have a material adverse effect on our business and results of operations.

Such third-party contractors are required to carry out their work in accordance with the design and schedule of the relevant assignments as well as with our safety and environmental protection standards, which are typically defined in the contracts we sign with them. Our specialized technical management personnel typically supervise the work performed by such third-party contractors and regularly inspect safety management. However, we cannot guarantee that we will be able to control at all times the safety and environmental protection standards of the work performed by such third-party contractors to the same extent as when the work is performed by our own employees. Any failure by these third-party contractors to meet our safety and environmental protection standards may result in our liability to third parties and have a material adverse effect on our business, results of operations, financial condition and reputation. In addition, any under-performance or non-performance by these third-party contractors could also affect our compliance with government rules and regulations relating to exploration, mining and workers' safety.

Our business depends on the availability of reliable and adequate transportation capacity for our products.

We anticipate that most of our customers in the near future will be located in China. Our ramp-up plan and associated higher sales volume could increase demand on both the paved highway and the provincial highway connecting our mine to our customers. If we are, or the local government is, unable to ramp up the capacity of these roadways in a timely manner, or these roadways are significantly damaged or cut off for an extended period of time, the delivery of our products would be significantly affected, and we may lose our customers and be in default of existing sales contracts. In addition, a portion of our products will be transported by national railway system to distant customers. Because the PRC national railway system operator allocates transportation capacity to users based on its assessment of available capacity and such capacity is generally limited, there can be no assurance that adequate railway transport capacity will be made available to our operations, or that we would not experience any material delay in transporting our marble products to our customers.

As transportation costs are generally a significant component of the costs of purchase for our customers, any fluctuation in transportation costs may have an adverse effect on the demand for our products. Any material increase in the transportation costs for products procured from our Zhangjiaba Mine would cause our customers to select suppliers closer to their operations and who are able to supply marble blocks or marble slabs with quality considerably similar to ours or to demand significant lower prices for our products. Any such adverse development could have a material adverse effect on our business, financial condition and results of operations.

Our mining project and ramp-up plan are capital intensive.

We require capital to fund our expenditures associated with our Zhangjiaba Mine and our processing facilities. We currently fund our capital expenditures with capital contributions from our Controlling Shareholder and short-term and long-term bank borrowings. We expect the total capital expenditures to increase our marble block mining capacities at the Zhangjiaba Mine to be RMB366.7 million. During the Track Record Period, our capital expenditure in connection with our ramp-up plan of the marble block mining capacities at the Zhangjiaba Mine totaled RMB83.0 million. We expect the total capital expenditures for construction and equipment procurement for the processing facilities to be RMB421.7 million. During the Track Record Period, we incurred capital expenditure of RMB1.0 million in relation to the processing facilities. However, our estimated capital expenditures for the ramp-up plan and the construction of processing facilities may vary from actual capital expenditures due to our early stages of development. Estimates of project capital are rarely more accurate than ±10% and will be at least ±15% for projects in the development stages, according to the Competent Person's Report.

We expect the ramp-up of our Zhangjiaba Mine and the construction of our marble slab processing facilities to be financed by the proceeds from the Global Offering, capital contributions from our Controlling Shareholder with the proceeds from the issuance of the Exchangeable Note and our operating cash flows. There can be no assurance that we will generate sufficient cash flows for our intended ramp-up plan, or at all. In the event that we do not have such cash flows, we may be required to seek alternative financing.

Our ability to obtain additional financial resources on acceptable terms is subject to uncertainties with respect to, among others:

- investors' perception of the appetite for securities of companies engaged in the mining, production and processing of marble;
- conditions in the capital and financial markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- the PRC government's approval and regulation of foreign and domestic investment in companies engaged in marble mining, production and processing;
- economic, political and other conditions in China and the rest of the world;
- the amount of capital that other Chinese entities may seek to raise in the foreign capital markets; and
- the PRC governmental policies relating to foreign currency borrowings.

If we fail to manage our liquidity situation carefully, our ability to expand and, in turn, our results of operations may be materially and adversely affected.

As at 31 December 2009, we had net current liabilities of RMB38.6 million primarily because our mine was in an early stage of development during the year. A net current liability position may impair our ability to make necessary capital expenditures, develop business opportunities or make strategic acquisitions. As at 30 November 2010, we had net current assets of RMB15.4 million. The increase was principally due to the receipt from Wongs Investment of the proceeds from the issuance of the Exchangeable Note with a principal amount of US$15.0 million. Our current ratio, calculated as current assets divided by current liabilities, was 4.4%, 13.6% and 118.5% as at 31 December 2008, 31

December 2009 and 30 November 2010, respectively. Our gearing ratio, calculated as total liabilities divided by total assets, was 69.3%, 87.0% and 39.6% as at 31 December 2008, 31 December 2009 and 30 November 2010, respectively. In addition, we had negative operating cash flows for the year ended 31 December 2009 and the eleven months ended 30 November 2010 as a result of our preparation for the commencement of commercial production. We have historically relied on funding from our Controlling Shareholder and bank borrowings guaranteed by third-party guarantee companies. In the future, we expect to increasingly rely on cash flows from operations to fund our capital expenditure needs. However, there can be no assurance that our business will generate sufficient cash flows from operations in the future to serve any future debts and make necessary capital expenditures. If we are unable to do so, we may be required to seek additional financing, dispose of certain assets or seek to refinance some or all of our future debts. We may also in the future seek to enter into borrowing facilities. If we are unable to repay any of our future debts when they fall due, our creditors may take action to recover such debts, which may have a material adverse effect on our business, financial condition and results of operations. If we are unable to raise additional funding or there is a delay in obtaining such funding, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to achieve the level of profitability as expected.

In 2010, we entered into long-term sales contracts with seven customers in China. These sales contracts provide for an aggregate sales volume of 1,025,000 m^2, 1,610,000 m^2 and 2,015,000 m^2 of marble slabs in 2011, 2012 and 2013, respectively. Our customers are obligated to purchase a minimum of 90% of the annual volume set out in the contracts and are required to pay a penalty of 20% or 30% of the shortfall sales value if they purchase less than 90% of the contracted volume. Our customers are not obligated to renew or extend the existing sales contracts with us. If our customers, for any reason, elect to pay the penalty in lieu of purchase the minimum volume, our profitability will be materially and adversely affected.

Because we have only commenced commercial production in September 2010, we cannot assure you that the quality of our products will meet the expectations of our customers. There also can be no assurance that we will be able to deliver the products pursuant to the long-term sales contracts without any significant delay, or at all. As a result, we may be required to pay the liquidated damage or other remedies due to any failure in due delivery of the products. The sales prices under these contracts are fixed subject to limited adjustments. We may not be able to obtain consents from our customers to adjust the sales prices based on market conditions and we cannot guarantee that our sales under these contracts will result in any profit. In addition, our number of customers is relatively limited, and there is no assurance that we will be able to successfully increase our number of customers or continue to have the similar amount of contracts or purchase commitments at comparable price. Furthermore, as estimates of operating costs are rarely more accurate than ±10% and will be at least ±15% for projects in the development stages according to the Competent Person's Report, our estimated operating costs for our mining and processing activities may vary from actual operating costs due to our early stages of development. Consequently, we could be adversely affected by lack of purchase orders or commitments from our existing or new customers, material modification, termination, cancellation or non-renewal of our existing sales contracts, any significant decrease in order volume or price, cost overrun or significant delay, any of which could result from a general economic downturn, the entry of new competitors into our primary market, the introduction by others of new or improved production technology, unanticipated shift in customers preference or any other factors affecting the demand for our products. Any of these adverse developments could have a material and adverse effect on our business, financial condition and results of operations.

Our future growth may depend, in part, on our ability to acquire other marble mines or businesses in our industry.

We expect to continue to grow our operations, in part, by acquiring additional mine reserves and strategic businesses in our industry. The continued success of our acquisition plan will depend on our ability to identify and acquire attractive mine reserves at a reasonable price, as well as to integrate acquired resources into our existing operations. Such acquisition plans may also be delayed or adversely affected by various factors, including the failure to obtain the relevant regulatory approvals, the inability to secure sufficient financing to fund our expansion, the occurrence of geotechnical difficulties and constraints on managerial personnel. We cannot assure you that our plans to expand or acquire additional reserves and resources or to make selective acquisitions or enter into joint ventures or other business arrangements will be successful.

We may have difficulty managing our growth effectively.

Our future expansion, whether through organic growth or acquisitions, requires us to maintain a stable workforce of qualified and skilled workers and efficiently allocate our resources. We must attract, recruit, train and retain qualified personnel effectively to guarantee a stable workforce. In addition, our future expansion may place significant strains on our managerial, operational, technical and financial resources. In order to better allocate our resources to manage our growth, we must hire, recruit and manage our workforce effectively and implement adequate internal controls in a timely manner. In the event that we fail to effectively manage our internal resources, such as our facilities and logistics, and to secure external sources of funding for future growth, we may encounter, among other things, delays in production and operational difficulties. The inability to manage our workforce, internal resources allocation and the associated enlarged scale of our operations effectively could have a material adverse effect on the output and quality of our products, our ability to attract and retain key personnel and our business or prospects.

Failure to retain our management team and other key personnel could harm our business.

We place substantial reliance on the experience and knowledge of our geological experts, technical personnel and management officers. We cannot prevent employees from terminating their respective contracts in accordance with the relevant agreed conditions. Finding suitable replacements for such key personnel could be difficult and time-consuming, and competition for such personnel with rich experience is intense. The loss of the services of one or more members of our key management personnel due to their departure or other reasons could materially and adversely affect our business, financial condition and results of operations.

Our success also depends on the ability of our management team to cooperate effectively as a group. Furthermore, our ability to recruit and train skilled operating and maintenance personnel is a key factor to the success of our business activities. If we fail to recruit, train and retain such personnel, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to renew the approvals required to temporarily use the land within some of our mine area and facilities.

Our mine is located in Zhenjiang Village, Xiangshui County, Jiangyou City of Sichuan Province. The land within our permitted mining area is collectively owned by the villagers and is designated for agricultural use, including forestry land and other kinds of agricultural land. In order to carry out successful mining and exploration activities, our ability to obtain land use rights is of vital importance. We have obtained approvals to temporarily use an area of approximately 102,614.51 m^2 of land collectively owned by the villagers and begun taking measures to convert land designated for agricultural use into land for industrial use with respect to the land that is used or to be used in the near future by us. For the purpose of using such land, we had signed lease contracts with the relevant land owners, village committee and villagers. The validity periods of the temporary land use rights is two years and will expire between March and July 2012. We intend to apply to renew the existing short-term land use rights. We also intend to apply for short-term land use rights for the parcels of land as needed within the remaining 377,144.55 m^2 of land in the mining area covered by the applicable mining permit of our Zhangjiaba Mine from time to time according to our long-term mining plans. Uncertainties exist as to whether we can renew the existing temporary land use rights or obtain the new temporary land use rights. If we fail to renew the existing temporary land use rights or obtain the new temporary land use rights, we may be unable to utilize the full mineral resources and, as a result, our operations might be substantially affected.

If our rights to lease land from the land owners are subject to a dispute, or if their legality or validity is challenged, our operations could be disrupted.

PRC law provides for the registration of land ownership and land-use rights and for the issuance of certificates evidencing land ownership or the right to use land. However, the administrative system for registration of land ownership and land-use rights is not well-developed in rural areas where most of our mining areas are located. As a result, we are generally not able to verify through the land registry system the ownership or land-use rights of the parties from whom we have leased land. Despite our efforts to obtain representations from the land owners, Group 1 and 3 of Zhenjiang Village, that they own the land, possess land-use rights or have the right to sub-contract the land-use right, there is nevertheless a risk that they have not legally and validly granted the right to use the land to us. Moreover, there is a risk that the land owners will, in breach of the terms of the applicable leases, enter into leases with other third parties in respect of land-use rights which they have previously granted to us, or that they have entered into leases with third parties before entering into leases with us.

In addition, there is no specific legal provision in connection with internal voting and meeting procedures of entities like Group 1 or 3 of Zhenjiang Village. Although the leases between these groups and us have been approved by more than half of the attendants who consist of more than two thirds of the representative of villager families at relevant meeting, there is nevertheless a risk that these groups have not undertaken all required actions prior to entering into leases with us.

Our failure to obtain, retain and renew government approvals, permits and licenses required for our mining activities could materially and adversely affect our business, financial condition and results of operations.

Under the *Mineral Resources Law of the PRC* (中華人民共和國礦產資源法), all mineral resources in China are owned by the State. Mining companies, including our Company, are required to obtain certain government approvals, permits and licenses prior to undertaking any exploration, mining and relevant production activities. The exploration and mining permit is limited to a specific area and time period. Therefore, whether we can carry on mining activities depends on our ability to obtain mining permits and other approvals and permits from relevant PRC authorities and to renew such approvals and permits upon their expiration. The PRC Government's willingness to issue, renew and not revoke the mining permits materially affects our operation.

Under PRC laws and regulations, before a marble production company can commence production, it must obtain, among other things:

- approval or filing of the relevant project evaluation application from or with the NDRC or its local bureau;
- an environmental impact assessment report, the approval of such report and the approval of the examination and acceptance from MEP or its local bureau;
- a production safety permit from the SAWS or its local bureau; and
- a mining permit from the MLR or its local bureau.

At present, we hold a mining permit for the Zhangjiaba Mine covering a mining area of 0.44 km^2 with an elevation from 590 m to 938 m above MSL. The mining permit will expire in 2021 and is expected to be renewed upon expiration subject to certain statutory requirements and conditions. Although PRC rules and regulations do not specify the treatment for overpayments, we expect any overpayment to be applied towards future renewals, and if our permit is not renewed, we do not expect any overpaid premium to be refunded to us. We hold a production safety permit which allows us to produce decorative surfacing limestone (飾面用灰岩). The production safety permit will expire on 16 June 2012 and is expected to be renewed for three years, subject to completion of certain administrative examination and approval procedures. These permits and approvals, nevertheless, will expire from time to time. We intend to apply to the competent authorities for an extension upon the expiration of each of our permits, licenses and approvals. Our applications for renewals are subject to a certain degree of government discretion, and there is no guarantee that we will be able to obtain any extension of the permits in the future. In addition, in the event that we identify prospective mine resources, either in the Zhangjiaba Mine or any mines we acquire in the future, there is no assurance that mining permits can be successfully obtained. If we are unable to obtain any of such permits or renew any of current permits upon their expiration, our business and results of operations could be materially and adversely affected. It should also be noted that we may not fully and economically utilize the entire mine resources at the preliminary stage of our project due to strategic concerns.

The occurrence of natural disasters could have a material adverse effect on our operations.

Our mining and marble block processing operations are conducted outdoors. As a result, unfavorable weather conditions in the mining area could affect our operations and business. Inclement weather conditions, including heavy and sustained rainfall, cold weather, heavy fog and snow may cause us to reduce our mining activities and impede our transportation of stone blocks. Adverse weather conditions may also increase our costs and reduce our production output as a result of potential equipment and facility repair and maintenance, power outages, personnel evacuation and similar events. Any resulting damage to our projects or delays in our operation could materially and adversely affect our business and results of operations.

Natural disasters, such as earthquakes, floods, and landslides, could also severely hamper our operations. We did not incur any expenses or suffered any losses during the Track Record Period as a result of any earthquake, flooding, mudslide or any other natural disasters occurred in Sichuan that have had a material adverse effect upon our business, financial condition and results of operations. However, we cannot assure you that such natural disasters will not, among other things, damage our facilities and the surrounding infrastructure, block the access to the Zhangjiaba Mine and result in a suspension of our operations for an unpredictable period of time.

Our operations are exposed to risks relating to occupational hazards and production safety.

As a mining company, we are subject to extensive laws, rules and regulations imposed by the PRC Government regarding production safety. In particular, our exploration and mining operations involve the handling and storage of certain dangerous articles. In addition, our operations involve the use of heavy machinery, which involves inherent risks that cannot be completely eliminated through prevention efforts. We or our third-party contractors may encounter accidents, maintenance or technical difficulties, mechanical failures or breakdowns during the exploration, mining and production processes. The occurrence of such accidents may disrupt or result in a suspension of our operations, increase production costs, result in liability to us and harm our reputation. Such incidents may also result in a breach of the conditions of our exploration and mining permits, or any other consent, approvals or authorizations obtained from the relevant authorities, which may result in fines and penalties or even possible revocation of our mining and exploration permits.

Our operations are also subject to manufacturing, operating and handling risks associated with the products we produce and the products we use in our operations, including the related storage and transportation of raw materials, products, hazardous substances and wastes. We are exposed to hazards including discharges or releases of hazardous substances, exposure to dust and the operation of mobile equipment and manufacturing machinery. These risks can subject us to potentially significant liabilities relating to personal injury or death or property damage, and may result in civil or criminal penalties, which could hurt our productivity, profitability and/or reputation. On 25 December 2010, an accident resulting from a failed diamond wire saw deployed for marble cutting operations occurred at the Zhangjiaba Mine. The accident resulted in the death of an employee at the mining site. See ''Business — Occupational Health and Safety'' for more details.

We cannot assure you that accidents such as fires, equipment mishandling and mechanical failures which may result in property damage, severe personal injuries or even fatalities will not occur during the course of our operations. Should we fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of any of the foregoing events, our business, reputation, financial condition and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities or criminal liabilities. In order to ensure the safety of our employees and the employees of third-party contractors and to avoid any accidents, we have established a set of safety policies that require our employees to have a good understanding of rescue procedures and escape routes. Despite our endeavors to enhance workplace safety, there can be no assurance that accidents will not occur in the future.

Our current insurance cannot adequately cover all losses and liabilities arising from our operations.

Consistent with the practice in mining industry, we have obtained insurance for personal injuries and our vehicles, both of which are compulsory in nature. This practice is in place to protect us from substantial expenditures, however, it does not fully cover us from other potential risks and losses. According to the relevant PRC laws and regulations, we will be liable for losses and costs arising from accidents resulting from fault or omission on the part of us or our employees. Should any accidents happen due to negligence on the part of us or our employees, we could be confronted with civil litigation or criminal litigation and expect to incur substantial losses. In addition, we do not obtain any fire, earthquake insurance or property insurance with respect to our properties, facilities or inventory, except for insurance coverage on our vehicles. In the event that we incur substantial losses or liabilities but we are not insured against such losses or liabilities, or that our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations could be materially and adversely affected.

Our customers from time to time could claim that our products do not meet contractual requirements, and users could claim to be harmed by use or misuse of our products. This could give rise to breach of contract, warranty or recall claims, or claims for negligence, product liability, strict liability, personal injury or property damage. Product liability insurance coverage may not be available or adequate in all circumstances.

There is no assurance that safety measures, processes and policies we have in place for our operations will be sufficient to mitigate or reduce casualties or accidents and to investigate and address claims related to product liabilities. There is also no assurance that our insurance coverage will be sufficient to cover losses associated with material accidents or claims arising from product liabilities, patent infringement, environmental protection liabilities, distributor terminations, commercial contracts, antitrust or competition law, employment law and employee benefit issues, and other regulatory matters. In the event that we incur substantial losses or liabilities and our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Our Controlling Shareholders have substantial influence over us and their interests may not be aligned with the interests of our other Shareholders.

Immediately following completion of the Global Offering, our Controlling Shareholders will remain the controlling shareholders of the Company with substantial control over its issued share capital. We expect our Controlling Shareholders to remain passive investors. However, we cannot assure that they will not have significant influence over our business and affairs, including, but not limited to, decisions with respect to: (i) mergers or other business combinations; (ii) acquisition or disposition of assets; issuance of additional shares or other equity securities; (iii) timing and amount of dividend payments; and (vi) appointment of managers.

Our Controlling Shareholders may cause us to, or prevent us from, entering into certain transactions, the result of which might not be in, or may conflict with, the best interests of our other Shareholders. We cannot assure you that our Controlling Shareholders will vote on Shareholders' resolutions in a way that will benefit all of our Shareholders.

We may incur impairment losses related to our mining rights and related assets, which may adversely affect our results of operations.

Based on our accounting policy, our mining rights are amortized over the estimated useful lives of the mine, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mine using the unit of production method, rather than on a straight line basis over the estimated mine life. The process of estimating quantities of reserves is inherently uncertain and complex and requires significant judgments and decisions based on available geological, engineering and economic data. If the value of our mining rights is over-estimated, the over-estimated amounts will be recognized as impairment losses, which in turn may have a material adverse effect on our result of operations.

The carrying amount of the property, plant and equipment, including mining infrastructure and mining rights, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. Estimating the value in use requires us to estimate future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. Any material decrease in the amount of our reserves may result in impairment on the carrying value of our mining rights and related assets, which may have a material adverse effect on our business, financial condition and results of operations.

Our marble resources and reserves are estimates based on a number of assumptions, and we may produce less than our current estimates.

The marble resource, reserve and the block rate estimates are based on a number of assumptions that have been made by the Independent Technical Consultant in accordance with the JORC Code. See "Appendix V — Competent Person's Report" in this Prospectus. Resource and reserve estimates involve expressions of judgment based on various factors such as knowledge, experience and industry practice, and the accuracy of these estimates may be affected by many factors, including quality of the results of exploration, drilling and analysis of marble samples, as well as the procedures adopted by and the experience of the person making the estimates.

Estimates of the resources, reserves and the block rate at our Zhangjiaba Mine may change significantly when new information becomes available or new factors arise, and interpretations and deductions on which resource, reserve and block rate estimates are based may prove to be inaccurate. Should we encounter mineralization different from that predicted by past drilling, sampling and similar examination, mineral resource and/or reserve estimates may have to be adjusted downward. In addition, if the block rate is required to be adjusted downward based on actual mining results, our marble reserve estimate will also need to be adjusted downward, which will lead to decreased mine life, and our production cost will increase if we were to maintain the same planned production volume. The occurrence of any of the foregoing could materially affect our development and mining plans, which could materially and adversely affect our business and results of operations.

In addition, the mineralogical and chemical composition, bulk density, hardness and water absorption, mechanical properties and radioactivities of marble ultimately mined may differ from those indicated by drilling results. There can be no assurance that the block rates derived from drilling and sampling will be duplicated under on-site conditions or in production scale operations. See "Business — Our Mineral Resources and Mining Rights — Our Marble Reserves." In the event that the marble mined is of a lower quality than expected, the demand for, and realizable price of, our marble may decrease. Short-term factors relating to reserves may also materially and adversely affect our business and results of operations.

The inclusion of resource and reserve estimates should not be regarded as a representation that all these amounts can be economically exploited and nothing contained herein (including, without limitation, the estimates of mine lives) should be interpreted as assurance of the economic lives of our marble reserves and resources or the profitability of our future operations.

RISKS RELATING TO OUR INDUSTRY

Fluctuations in the market price for our beige marble products could materially and adversely affect our business, financial condition and results of operations.

Our principal products are marble slabs processed and blocks mined from our marble reserves. The prices of our marble blocks and marble slabs are determined mainly by the quality and color of the stone. Nevertheless, the popularity and reputation of the beige marble products also substantially affect the prices of our products. Our marble mine produces beige marble products, which is considered a classic color for marble. However the popularity of our products could lapse due to customers' changing preference, leading to the fall of the price of our products. In addition, imbalance in the supply of and demand for beige marble products in local, national and global markets could adversely affect the price of our products. Government policies, macro economic factors, global economic environment and other factors beyond our control could significantly result in an oversupply or decreased demand for marble products, which in turn would result in fluctuations in the market price. There can be no assurance that the market price of beige marble products will not decline in the future or that such prices will otherwise remain at sufficiently high levels to support our profitability. A significant decline in the market prices of beige marble products could materially and adversely affect our business, financial condition and results of operations.

Virtually all of our revenue and our operating costs are denominated in Renminbi. If Renminbi continues to appreciate against U.S. dollars, our price advantage will gradually diminish. As a result, our customers in China may shift to imports of beige marble products from other countries.

We are affected by the level of demand in the real estate development industry, which may experience a significant downturn.

The demand for marble blocks and marble slabs is affected by the growth of the commercial and residential real estate development industries in China, which could in turn be affected by a number of factors, such as the strength of the commercial and residential property markets, the level of disposable income, consumer confidence, unemployment rate, interest rates, credit availability and volatility in the stock markets. Recently, to ensure the availability of affordable housing, the PRC Government has implemented a series of measures to discourage speculation in the property market in China. On 17 April 2010, the State Council issued the *Notice of the State Council Regarding Control of Excessively Prompt Increase in Property Prices in Certain Cities* (國務院關於堅決遏制部分城市房價過快上漲的通知) (the "Guo Fa [2010] No. 10"). According to *Guo Fa [2010] No. 10 and Notice on Further Implementation of the Guo Fa [2010] No. 10* (關於進一步貫徹落實國發[2010]10號文件的通知) issued by the Ministry of Supervision, MLR and Ministry of Housing and Urban-Rural Development on 30 September 2010 and the *Notice of General Office of the State Council on Issues of Further Regulation and Control of the Real Estate Market* (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的

通知), the minimum down payment ratio for second houses was increased to 60%. The State Council also required the mortgage banks to strictly adhere to the policy of charging mortgage rates no less than 110% of the corresponding benchmark lending rate on purchases of second houses. In addition, on 8 March 2010, MLR issued the *Notice of the Ministry of Land and Resources Regarding Questions Relating to the Strengthening of Supply and Supervision of Land* (國土資源部關於加強房地產用地供應和監管有關問題的通知), which requires execution of land grant contracts within ten days from the land grant. According to such notice, 50% of the land grant fees are required to be paid within one month from execution of contract and the remaining land grant fees are required to be paid according to schedules stated in the contract and no later than one year. In addition, the real estate market in the PRC may also be negatively affected by the reform of real estate tax (房產稅) system in respect of levying real estate tax on individual owned real estate which is not used for business purpose, which has been implemented by certain local governmental authorities and may be implemented by the national governmental authorities. Furthermore, in order to implement the Notice of General Office of the State Council on Issues of Further Regulation and Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) and other relevant regulations, certain local governmental authorities have promulgated relevant regulations and policies, according to which the thresholds for property purchase have been enhanced in general. Recently, prudent monetary policy (穩健的貨幣政策) was implemented in the PRC and the credit policies may be adjusted accordingly. Specifically, the PBOC raised the reserve requirement ratio by 0.5% each time on 16 November 2010, 29 November 2010 and 20 January 2011. Meanwhile, the interest rate was raised twice, each of 0.25%, on 20 October 2010 and 26 December 2010. Such significant adjustments in monetary instruments may result in tightened liquidity, controlled money supply and credit and reduced capital available for property development and construction activities and may adversely affect the growth rate of the property market. Accordingly, any decrease in residential real estate development and construction activities in general (including a continued decrease in residential construction or a weakening of commercial construction) could result in a decrease in demand and associated decrease in sales volume or selling prices of our marble products, reduced profit margin and tightened liquidity available to us, any of which may have a material adverse effect on our business, financial condition and results of operations.

A decline in public sector construction and reductions in governmental funding could adversely affect our business and results of operations.

We expect a large part of our sales volume of our marble slabs will be made to contractors on publicly funded construction projects, such as museums, memorial halls, libraries, hospitals, airports and other government-operated buildings. If, as a result of a loss of government funding, or a protracted delay or a significant reduction in national or provincial budgets, spending on publicly funded construction were to be reduced significantly, our earnings and cash flows could be negatively affected. In addition, public infrastructure construction activities are directly related to the amount of government funding available for such projects. Any decrease in the amount of government funds available for such projects could have a material adverse effect on our business, financial condition and results of operations. Further, any delays in expenditure of stimulus funds designated for public work projects could have a material and adverse effect on us.

Changes in legal requirements and governmental policies concerning environmental protection and other areas of laws could impact our business.

Our operations are affected by numerous national, provincial and local laws and regulations related to environmental protection, land use, occupational health, production safety and other matters that govern our operations. There are inherent risks of liabilities in our business operation, particularly environmental protection liabilities. Our operations also require numerous governmental approvals and permits, which could require us to make significant capital and maintenance expenditures to comply with relevant laws and regulations. These potential liabilities arising from any non-compliance could have an adverse impact on our operations and profitability.

Our revenues are dependent on the continued operations of our mine and marble slab processing facilities in Jiangyou, Sichuan Province. We are subject to various PRC environmental protection regulations relating to a broad range of environmental protection matters, such as land rehabilitation, air emissions, noise control, discharge of wastewater and pollution, waste disposal and radioactive element disposal control relating to our production activities. These environmental protection laws and regulations are complex and constantly evolving and are becoming more stringent. We are not always able to quantify the cost of complying with such laws and regulations. Any violation of the PRC environmental protection regulations could subject us to a substantial fine, damage our reputation, result in delays in production or result in a temporary or permanent closing of some or all of our production facilities. Additionally, if any one of our suppliers fails to comply with environmental protection regulations, we may need to seek alternative supplies of certain materials, which may not be available on favorable terms. We cannot assure you that the national or local authorities will not enact additional laws or regulations or amend or enforce new regulations in a more rigorous manner. Changes in environmental protection regulations may require us or our suppliers to alter production processes, which could result in increased costs and could harm our financial condition and results of operations. In addition, environmental protection liability insurance is not mandatory in the PRC. Any significant environmental protection liability would harm our business, financial condition and results of operations. For further details on our environmental protection compliance, please refer to the section headed "Business — Environmental Protection and Land Rehabilitation" in this Prospectus.

We are also subject to future events, including changes in existing laws or regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of some of our products or business activities, which may result in additional compliance and other costs. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment, or impede the opening of new or expanding existing plants or facilities. We could be forced to invest in preventive or remedial action, like pollution control facilities, which could incur substantial costs. Such costs, liabilities or disruptions in operations could materially and adversely affect our business, financial condition and results of operations.

Changes to the PRC laws, regulations and governmental policies for the mining industry may restrain our performance and subject us to potential liabilities.

The PRC local, provincial and central authorities exercise a substantial degree of control over the mining industry in China. Our operations are governed by a wide range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, production of stone products, taxation, labor standards, foreign investment and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may incur additional compliance efforts and increase in our operating costs and thus adversely affect our business, financial condition and results of operations.

In addition, our operations are subject to PRC laws and regulations relating to occupational health and safety for the mining industry. For additional information regarding the Company's compliance with respect to occupational health and safety laws and regulations, see "Business — Occupational Health and Safety." Mining companies that fail to comply with the applicable safety laws and regulations may be subject to fines, penalties or even suspension of operations. At the same time, relevant government authorities regularly conduct safety inspections of the mines and facilities of mining companies. The timing and the outcome of such safety inspections, nevertheless, is hard to predict since their standards are somewhat obscure. Failure to pass the safety inspections may harm our corporate image, reputation and the credibility of our management, and thus have material adverse effect on our financial condition and results of operations.

There is no assurance that we will be able to fully comply with any new PRC laws, regulations, policies, standards and requirements applicable to the stone mining industry or any changes in existing laws, regulations, policies, standards and requirements economically or at all. Furthermore, any such new PRC laws, regulations, policies, standards and requirements or any such changes in existing laws, regulations, policies, standards and requirements may also constrain our future expansion or ramp-up plans and adversely affect our profitability.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Adverse changes in political, social and economic policies of the PRC Government could have a material adverse effect on the overall economic growth of China.

We conduct substantially all of our business operations in China. As discussed before, China's economic growth can affect construction industry, which in turn will affect our business. Therefore, our results of operations are sensitive to the economic, political and legal environment in China, and China's overall GDP growth. The Chinese economy differs from the economies of most developed countries in many respects, including that it:

- has a high level of government involvement;
- is in the early stages of development of a market-oriented economy;
- has experienced rapid growth;
- has a tightly controlled foreign exchange policy; and
- is characterized by inefficient allocation of resources.

While the Chinese economy has undergone significant growth during the past 30 years, the growth has been uneven across different regions and among various economic sectors. A substantial portion of productive assets in China, including mines, remain state-owned and the PRC Government exercises a high degree of control over these assets. In addition, the PRC Government continues to play a significant role in regulating industrial development by imposing industrial policies and regulating allocation of resources by means of setting monetary policy and providing preferential treatment to particular industries or companies.

Financial market in China could also be unpredictable. The PBOC's statutory deposit ratio and lending guideline imposed on commercial banks may restrain loan market and materially affect our liquidity and access to capital.

Our results of operations and financial condition could also be adversely affected by governmental control over capital investment or changes in environmental protection, health, labor and tax regulations applicable to us.

The PRC legal system is evolving and has inherent uncertainties that could limit the legal protection available to you and us.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, prior court decisions may be cited for reference but have limited value as precedents, or at all. Since 1979, PRC legal system evolves rapidly and a lot of laws and regulations governing economic matters in general such as foreign investment, corporate organization and governance, commerce, taxation and trade are promulgated by competent authorities. Some of these laws and regulations are relatively new, so the volume of published cases in relation to these laws and regulations are limited. In addition, the interpretations of many laws, regulations and rules are not always consistent and uniform and the enforcement of these laws, regulations and rules involves uncertainties. These uncertainties could limit the legal protections available to us and other foreign investors. Furthermore, any litigation in China may be protracted, resulting in substantial costs and diversion of our resources and management attention. As Chinese legal system continues to evolve, we cannot predict the future development in PRC legal system, including promulgation of new laws, changes to existing laws or the interpretation and enforcement thereof.

Government control of currency conversion and fluctuation in the exchange rate between the Renminbi and other currencies could negatively affect our financial condition, operations and our ability to pay dividends.

Virtually all of our revenue is denominated and settled in Renminbi. The PRC Government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the SAFE or its local counterparts provided that we satisfy certain procedural requirements. However, capital account transactions must be approved by or registered with the SAFE or its local branch. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Since a significant amount of our future cash flows from operations will be denominated in Renminbi, any fluctuation in exchange rate between RMB and other currencies may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies. In addition, if the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders, which would adversely affect the value of your investment.

Changes in the PRC laws, regulations and policies governing our mining activities could adversely affect our business, financial condition and results of operations.

Our operations in China are subject to various laws, regulations and policies. These laws, regulations and policies affect many aspects of our operations, including industry-specific taxes and fees, business qualifications, capital investment and environmental protection and safety standards. We may face significant constraints on our ability to implement our business strategies, to develop or expand our business operations or to maximize profitability due to unfavorable changes. Our business may also be affected by policies proposed by the PRC Government with regard to mine resources. For example, under the regime of scientific approach of development, exploitation of resources shall be conducted on a sustainable basis. These kinds of proposals have a de facto influence in China and may have an impact on our future operations. Besides factors arising from our industry, the macroeconomic control measures implemented by the PRC Government may also have an impact on the demand and supply conditions applicable to our products and affect our business accordingly.

Enforcement of judgments from non-PRC courts against us or our Directors or officers who live in China could be difficult.

The legal framework to which we and our operating subsidiaries are subject is materially different from that of other jurisdictions, including Hong Kong and the United States, particularly with respect to the protection of minority shareholders. However, in 2005, the *PRC Company Law* (中華人民共和國公司法) was amended to allow shareholders to commence an action against the directors, officers or any third party on behalf of a company under certain limited conditions.

In addition, China does not enter into treaties providing for the reciprocal recognition and enforcement of civil judgments of courts with certain countries such as the United States, the United Kingdom, and Japan, and therefore enforcement in China of civil judgments of a court in these jurisdictions may be difficult or impossible.

Compliance with the PRC Labor Contract Law may increase our labor costs.

The *PRC Labor Contract Law* (中華人民共和國勞動合同法) became effective on 1 January 2008. Compliance with the requirements under the *PRC Labor Contract Law*, in particular the requirements to make severance payments and to conclude non-fixed term employment contracts, may increase our labor costs.

Pursuant to the *PRC Labor Contract Law*, we have been required to enter into non-fixed term employment contracts with employees who have worked for us for more than ten years or, unless otherwise provided in the *PRC Labor Contract Law*, for whom a fixed term employment contract has been concluded for two consecutive terms. We may not be able to efficiently terminate non-fixed term employment contracts under the *PRC Labor Contract Law* without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, unless such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three or more times greater than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the *PRC Labor Contract Law*. Liabilities such as damages or fines may be imposed for any material breach of the *PRC Labor Contract Law*.

Restrictions on foreign investment in the PRC mining industry could materially and adversely affect our business and results of operations.

In China, foreign companies have been, and are currently, required to operate within a framework that differs from that imposed on domestic PRC companies. For example, the *Guidance Catalogue for Foreign Investment Industries* (外商投資產業指導目錄) clearly specifies the encouraged and restricted industries for foreign investment. The PRC Government, however, has been opening up opportunities for foreign investment in certain categories of mining projects and this process is expected to continue, especially following China's accession into the WTO. However, if the PRC Government reverses this trend, or imposes greater restrictions on foreign investment in China, or seeks to nationalize our operations in China, our business and results of operations could be materially and adversely affected. For a description of the laws and regulations applicable to foreign invested mining companies, see "Regulatory Overview."

We rely mainly on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

The Company is a holding company incorporated in Cayman Islands under the Companies Law and we rely mainly on dividends from our subsidiaries in China for our cash requirement. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our subsidiaries in China are required to set aside certain amount of after-tax profits each year, if any, to fund certain statutory reserves. These reserves, however, are not allowed to be distributed as cash dividends. Furthermore, if our subsidiaries in China incur debt on their own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us. The inability of our subsidiaries to distribute dividends or other payments to us could materially and adversely affect the results of our operations.

Any outbreak of widespread contagious diseases may have a material adverse effect on our business operations, financial condition and results of operations.

The outbreak, or threatened outbreak, of any severe communicable diseases (such as severe acute respiratory syndrome, avian influenza or H_1N_1 influenza) in China could materially and adversely affect the overall business sentiments and environment in China, particularly if such outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labor supply and, possibly, the overall GDP growth of China. As our revenue is currently derived from our operations in China, any labor shortages could materially and adversely affect our business and the business of our customers. In addition, if any of our employees are affected by any severe communicable diseases, it could adversely affect or disrupt those areas in which we have operations and materially and adversely affect our financial condition and results of operations as we may be required to close our facilities to prevent the spread of the disease.

The EIT Law may affect tax exemptions on dividends received by us and by our Shareholders and may increase our EIT rate.

According to the *Enterprise Income Tax Law* (the "EIT Law") passed in 2007 and its implementation rules passed on 28 November 2007 (the "Implementation Rules"), the withholding tax exemption under previous tax laws for dividends distributed by foreign invested enterprises ("FIEs") to their foreign shareholder(s) will no longer be available under the EIT Law, which generally subjects any dividends distributed by FIEs, such as Guangzhou Kingstone, to up to 10% withholding tax. However, according to the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (the "Arrangement") (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), if the beneficiary of dividends is a Hong Kong tax resident which holds directly at least 25% equity interests in a tax resident enterprise in China, the dividends distributed by the tax resident enterprise in the mainland to its Hong Kong shareholder shall be subject to taxes in China at a rate not higher than 5%. Therefore, the dividends distributed by Guangzhou Kingstone to Hong Kong Kingstone may be subject to such Arrangement and therefore be subject to a withholding tax in China at a rate not higher than 5%. According to the Arrangement, the withholding tax paid in China for such dividends can be credited against Hong Kong taxes, if any, payable by Hong Kong Kingstone.

According to the *Notice of the State Administration of Taxation on Issues regarding the Administration of the Dividend Provision in Tax Treaties* (國家稅務總局關於執行稅收協定股息條款有關問題的通知) (the "Notice 81") promulgated on 20 February 2009, to apply the dividend provision in relevant tax treaties, including the Arrangement, certain requirements shall be satisfied, among which: (i) the taxpayer shall be the beneficial owner of relevant dividends; and (ii) for corporate recipients that enjoy the tax treatment under the relevant tax treaties as direct owners of a certain proportion of the share capital of a PRC enterprise (usually such certain proportion shall be 25% or 10%, and under the Arrangement, it is 25%), such corporate recipients must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. Furthermore, the SAT promulgated the *Notice on How to Understand and Recognize the Beneficial Owner in Tax Treaties* (國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知) on 27 October 2009, which defines the "beneficial owner" as individuals, enterprises or other organizations normally engaged in substantive operations and sets forth certain adverse factors on the recognition of such "beneficial owner." On 24 August 2009, the *State Administration of Taxation* issued the *Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation)* (非居民享受稅收協定待遇管理辦法(試行)) (the "Administrative Measures"), which became effective on 1 October 2009 and requires that the non-resident enterprises obtain the approval for enjoying the treatments under tax treaties from the competent tax authorities. No assurance can be given that we can satisfy all the requirements set forth by above laws and regulations and obtain necessary approvals to enjoy the preferential treatment under the Arrangement.

Under the EIT Law and the Implementation Rules, enterprises established under the laws of foreign jurisdictions other than the PRC may nevertheless be considered as PRC tax-resident enterprises for tax purposes (the "TRE") if these enterprises have their "de facto management organization" within the PRC. Under the Implementation Rules, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise.

The Company and Hong Kong Kingstone are currently not treated as TREs under the EIT Law. Since Hong Kong Kingstone's management is based in China and all members of the Company's management board reside in China, there is a risk that Hong Kong Kingstone and the Company are regarded as TREs. As a consequence thereof, Hong Kong Kingstone and/or the Company would be subject to EIT in China at a rate of 25% on their worldwide income, except that dividend income paid from one qualified TRE to another due to direct investments is exempted income under the EIT Law.

In addition, should both Hong Kong Kingstone and the Company be considered as TREs, then shareholders which are not TREs and which receive dividends distributed by the Company for earnings derived and sourced within China would be subject to a PRC income tax applicable to such dividends and the Company would be obliged under the EIT Law to withhold PRC income tax on dividends payable to such non-TRE shareholders. A lower withholding tax rate may apply if a non-TRE investor (non-individual) or a non-tax resident individual is from a jurisdiction that has entered into an income tax treaty or agreement with China that allows a lower withholding. Similarly, if both Hong Kong Kingstone and the Company are considered TREs, any gain realized on the transfer of Shares in the Company by non-TRE investors or non-tax resident individuals may be also subject to PRC income tax if such gain is regarded as income derived from sources within China, unless the applicable income tax treaty provides otherwise.

If any of the aforementioned risks materializes, the value of an investment in the Shares of the Company may be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

On 21 October 2005, the SAFE issued the *Notice of the SAFE on Issues Relating to the Administration of Foreign Exchange on Fund Raisings by Domestic Residents Through Offshore Special Purpose Vehicles and Round-trip Investment* (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("the SAFE Circular No. 75") which came into force on 1 November 2005, requiring PRC residents, including both legal persons and natural persons, who establish offshore companies and inject assets or equity interests in their PRC entities into offshore companies, to register with competent local SAFE branch before establishing or controlling any company outside China, referred to as an "offshore special purpose company." Under the SAFE Circular No. 75, Mr. Huang, who is a PRC domestic resident and has established control over us, is required to register with the local SAFE branch his ownership in us. It is also required by the SAFE Circular No. 75 that any PRC resident that is the shareholder of an offshore special purpose company shall amend its SAFE registration with the local SAFE branch with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, share exchange, merger, division, long-term investment with equity investment or creditor's right investment and other material capital alteration without involving round-trip investment. According to the relevant guidance with respect to the operational rules on such foreign exchange registration issued by the SAFE to its local branches, in the event that PRC shareholder of an offshore special purpose company fails to make the required SAFE registration and amendment, the PRC subsidiaries of that offshore special purpose company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer, the principal and interests of shareholder's loans, advance recovery of investment or liquidation to the offshore special purpose company. Failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. Our current beneficial owner, Mr. Huang, who is a PRC resident has registered with the local SAFE branch as required under the SAFE Circular No. 75 and is applying for amendment of registration with SAFE Sichuan Branch for Guangzhou Kingstone's acquisition of Sichuan Jinshida and the investment by MS China 3. The failure of these beneficial owner to amend his SAFE registrations in a timely manner pursuant to the SAFE notice or the failure of our future beneficial owner who is a PRC resident to comply with the registration procedures set forth in the SAFE notice may subject such beneficial owner to fines and legal sanctions and may also result in restrictions on our PRC subsidiaries' ability to distribute profits to us and to remit funds into or out of China or otherwise materially and adversely affect our business.

Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options may subject such employees or us to fines and legal or administrative sanctions.

Pursuant to the *Administrative Measures on Individual Foreign Exchange* (個人外匯管理辦法), the *Implementation Rules of the Administration Measure for Individual Foreign Exchange* (個人外匯管理辦法實施細則) (the "Individual Foreign Exchange Rules"), issued on 5 January 2007 by the SAFE and the *Operating Rules on the Foreign Exchange Administration of the Involvement of Domestic Individuals in the Employee Stock Ownership Plans and Share Option Schemes of Overseas Listed Companies* (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued on 28 March 2007 by the SAFE (the "Circular 78"), PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or other qualified PRC agents, to obtain the approval from the SAFE or its local branches and complete certain other procedures related to the share option or other share incentive plan. In addition, the overseas listed company or its PRC subsidiary or other qualified PRC agent is required to appoint an asset manager or administrator and a custodian bank, as well as to open foreign currency accounts to handle transactions relating to the share option or other share incentive plan. In order to comply with the requirements of the Individual Foreign Exchange Rules and the Circular 78, we will require our domestic employees to obtain relevant approval from the SAFE or its local branches when they participate in the Share Option Scheme. We and our PRC citizen employees who have been granted share options, or PRC option holders, will be subject to these rules upon Listing of our Shares. If we or our PRC option holders fail to comply with these rules, we or our PRC option holders may be subject to fines and sanctions.

We may be unable to transfer the net proceeds from the Global Offering to China.

Pursuant to Article 4 of the SAFE Circular No. 75 and other relevant laws and regulations of the PRC, we may transfer the net proceeds from the Global Offering to China in accordance with the use of proceeds set forth in the "Future Plans and Use of Proceeds" section in this Prospectus or the use of capital plan stipulated in the business plan letter submitted to the relevant foreign exchange authority. In the event that we are unable to transfer the net proceeds of the Global Offering into China in a timely manner according to relevant laws and regulations, we have to suspend some planned expansion projects, including but not limited to the expansion of mining boundaries, the increase of mining facilities, strategic acquisition of other mine reserves and businesses and construction of new production lines. Because these projects are important to our business growth, there is a risk that suspension of such projects may have a material adverse effect on our business, financial condition and results of operations.

PRC regulations pertaining to loans and direct capital investments by offshore parent companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering.

In utilizing the proceeds of the Global Offering to finance our business, the Company, as a holding company, or Hong Kong Kingstone may make loans or additional capital contributions to Guangzhou Kingstone, the PRC subsidiary of the Company which qualifies as a FIE under PRC law, which may further finance the operation or expansion of Sichuan Jinshida. Any loans by an offshore parent company to a FIE established by it are subject to registration requirements and must be within the margin between the FIE's total investment amount and registered capital. In addition, if the Company or Hong Kong Kingstone finances the operating entities of the Group in China through additional capital contributions to Guangzhou Kingstone, the amount of these capital contributions must be approved by and registered with the competent government authorities. There can be no assurance that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by the Company or Hong Kong Kingstone to Guangzhou Kingstone in China. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Global Offering and our ability to fund and expand the operational business in China could be adversely affected, which could have material adverse effects on our business, financial condition and results of operations.

On 29 August 2008, the SAFE promulgated Circular 142 (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), a notice regulating the conversion by a FIE of its foreign currency registered capital into Renminbi by restricting how the converted Renminbi may be used. Circular 142 prohibits the use of Renminbi converted from foreign capital by FIEs to make equity investments in PRC domestic companies in China, unless the equity investment is within the approved business scope of the FIE and has been approved by the SAFE, or has been "otherwise provided for." In addition, the SAFE recently increased its oversight of the flow and use of the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without the SAFE's approval, and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of Circular 142 will result in severe penalties, such as significant fines. We may therefore not be able to use the proceeds of the Global Offering to acquire Chinese companies.

If we fail to receive the necessary registrations or approvals, our ability to use the proceeds of the Global Offering and our ability to fund and expand the operating business in China could be adversely affected, which could have material adverse effects on our business, financial condition and results of operations.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

Pursuant to the *Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises* (關於加強非居民企業股權轉讓所得企業所得稅管理的通知), or SAT Circular 698, issued by the SAT on 10 December 2009 with retroactive effect from 1 January 2008, where a foreign investor transfers its indirect equity interest in a PRC resident enterprise by disposing of its equity interests in an overseas holding company, or an "Indirect Transfer", and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the foreign investor shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. The PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of avoiding PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

There is uncertainty as to the application of SAT Circular 698. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to avoid PRC tax. As a result, we may become at risk of being taxed under SAT Circular 698 in the future and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under SAT Circular 698, which may have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO THE SHARES AND THE GLOBAL OFFERING

There has been no public market for our Shares and the market price of our Shares may be volatile and there is no assurance of an active trading market in our Shares.

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range of our Shares will be determined by negotiations between the Sole Global Coordinator on behalf of the Underwriters and us. The initial Offer Price may bear no relationship to market price of our Shares following completion of the Global Offering. We have applied for the Listing and permission to trade our Shares on the Stock Exchange. The Listing on the Stock Exchange, however, cannot assure the development of an active trading market of our Shares, or if it does develop, that it will be stable and sustainable following completion of the Global Offering.

Furthermore, the market price for our Shares may be volatile and subject to wide fluctuations in response to the factors including the following:

- variations in our revenue, earnings and cash flows;
- unexpected business interruptions resulting from natural disasters, accidents or power shortages;
- potential litigation or administrative investigations;
- fluctuations of exchange rates between RMB and U.S. dollar or other foreign currencies;
- addition or departure of our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in China and in the global economy;
- fluctuations in stock market prices and volume;

- changes in financial estimates by securities research analysts; and
- the overall performance of construction industry in China.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares and the Company's ability to raise capital in the future.

The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market by the Company's substantial shareholders, or the perception that such sales may occur. Future sales, or perceived sales, of substantial amounts of the Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to it, and the Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future.

The market price of the Shares when trading begins could be lower than the Offer Price.

The initial price to the public of the Shares sold in the Global Offering will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth Business Day after the pricing date. Investors may not be able to sell or otherwise deal in the Shares during that period. As a result, holders of the Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur during that period.

Future financing may cause a dilution in your shareholding or place restrictions on our operations.

We believe that our current cash and cash equivalents, anticipated cash flows from operations and the proceeds from this offering will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments relating to our existing operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in the Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by the Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consents prior to the payment of dividends;
- require us to dedicate a substantial portion of our cash flows from operations to service our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital requirements and other general corporate needs; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

You may face difficulties in protecting your interests under Cayman Islands laws or PRC laws.

Our corporate affairs are governed by, among other things, our Memorandum and Articles and the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions.

In addition, we conduct substantially all of our operations in China through our wholly owned subsidiaries in China. Most of our officers also reside in China. As a result, it may be difficult or impossible for you to bring an action against us or these individuals in China. Even if you are successful in bringing an action outside of Cayman Islands or China, the PRC laws may still render you unable to enforce a judgment against our assets or the assets of our Directors and officers. China does not have treaties providing for the reciprocal enforcement of civil judgments of courts with Japan, the United Kingdom, the United States and certain other western countries.

The costs of share options granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme will adversely affect our results of operations and any exercise of the options granted may result in dilution to our Shareholders.

Issuance of Shares for the purpose of satisfying any award made under the Pre-IPO Share Option Scheme will increase the number of Shares in issue after such issuance, and thus may result in the dilution to the percentage of ownership of our Shareholders, the earnings per Share and net asset value per Share. The value of the options granted under the Pre-IPO Share Option Scheme will be recognized as an expense and amortized on a straight line basis over a period since the date of the grant to the end of the vesting period. We have also adopted the Share Option Scheme pursuant to which we will in the future grant to our employees options to subscribe to Shares. Such options, if exercised in full, will represent approximately 2% of the issued share capital of the Company immediately following completion of the Global Offering. The fair value of the options at the date of which they are granted with reference to the valuer's valuation will be charged as share-based compensation which may have a negative effect on our results of operations. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance, and thus may result in the dilution to the percentage of ownership of the Shareholders, the earnings per Share and the net asset value per Share. Details of the Pre-IPO Share Option Scheme and the Share Option Scheme and the options granted thereunder are set out in the sections headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in Appendix VII to this Prospectus.

Investors should not place undue reliance on facts, forecasts and other statistics in this Prospectus relating to the economy and our industry obtained from official resources.

Facts, forecasts and other statistics in this Prospectus relating to the economy and the mining industry on an international, regional and specific country basis have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information. Neither we or any of our respective affiliates or advisers, nor the Underwriters or any of its affiliates or advisers, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this Prospectus may not be consistent with other information available from other sources and therefore, investors should not unduly rely upon such facts, forecasts and statistics while making investment decisions.

This Prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

Due to the direct or indirect influence of the above risks, uncertainties and assumptions, our forward-looking events and prospective development discussed in this Prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this Prospectus are qualified by reference to this cautionary statement.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding the Global Offering.

There may have been, prior to the publication of this prospectus, and there may be, subsequent to the date of this Prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, such as the profit forecast information. You should rely solely upon the information contained in this Prospectus, the Application Forms and any formal announcements made by us in Hong Kong in making your investment decision regarding the Global Offering. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions whether to invest in the Global Offering.

Prospective investors in the Global Offering are reminded that, in making their decisions as to whether to purchase our Shares, they should rely only on the financial, operational and other information included in this Prospectus and the Application Forms. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus and the Application Forms.