*The following discussion of our financial condition and results of operations should be read in conjunction with (i) our consolidated statements of financial position as at 31 December 2008, 31 December 2009 and 30 November 2010, and (ii) consolidated statements of comprehensive income and consolidated cash flows statements 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, and, in each case, the related notes set out in the Accountants' Report included as Appendix I to this Prospectus (the "Consolidated Financial Information"). Our Consolidated Financial Information have been prepared in accordance with IFRS which may differ in material aspects from generally accepted accounting principles in other jurisdictions.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus.*

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary financial information of: (i) our consolidated statements of financial position as at 31 December 2008, 31 December 2009 and 30 November 2010, and (ii) consolidated statements of comprehensive income and consolidated cash flows statements for the period from 14 March 2008 to 31 December 2008, the year ended 31 December 2009 and the eleven months ended 30 November 2009 and 2010, as set forth below, are derived from the Accountants' Report of our Company included in Appendix I to this Prospectus. For your convenience, we include in the summary financial information set forth below our consolidated statements of comprehensive income and consolidated cash flows statements for the eleven months ended 30 November 2009. The summary financial information is qualified in its entirety by reference to such Accountants' Report, including the notes thereto, and should be read in conjunction with the discussions included herein.

***Summary Consolidated Statements of Comprehensive Income***

| | Period from 14 March 2008 to 31 December[(1)] | Year ended 31 December | Eleven months ended 30 November | |
|---|---|---|---|---|
| | 2008 | 2009 | 2009 | 2010 |
| | (RMB'000) | | | |
| **Revenue** | — | — | — | 1,771 |
| Cost of sales | — | — | — | (717) |
| **Gross profit** | — | — | — | 1,054 |
| Other income | 3 | 2 | 2 | 31 |
| Selling and distribution costs | (63) | (270) | (244) | (472) |
| Administrative expenses | (1,200) | (2,610) | (2,181) | (23,134)[(2)] |
| Other expenses | (720) | (690) | (203) | (728) |
| Finance costs | (25) | (2,042) | (1,780) | (2,129) |
| **Loss before tax** | (2,005) | (5,610) | (4,406) | (25,378) |
| Income tax benefit | 253 | 241 | 193 | 4,143 |
| **Loss for the year/period** | (1,752) | (5,369) | (4,213) | (21,235) |

*Notes:*

(1) As a result of merger accounting, the financial information of Sichuan Jinshida is included in our Consolidated Financial Information as if the consolidation had occurred since 14 March 2008 when Sichuan Jinshida first came under control of our Controlling Shareholder. As the Controlling Shareholder obtained the control over Sichuan Jinshida on 14 March 2008 and there were no transactions between 1 January 2008 and 13 March 2008 impacting our financial information, our financial information is presented from 14 March 2008.

(2) Our administrative expenses for the eleven months ended 30 November 2010 included expenses in relation to the Global Offering.

***Summary Consolidated Statements of Financial Position***

| | As at 31 December | | As at 30 November |
|---|---|---|---|
| | **2008** | **2009** | **2010** |
| | | **(RMB'000)** | |
| Non-current assets | 40,389 | 50,455 | 112,326 |
| Current assets | 1,071 | 6,092 | 98,555 |
| Current liabilities | 24,208 | 44,675 | 83,162 |
| Net current assets/(liabilities) | (23,137) | (38,583) | 15,393 |
| Total assets less current liabilities | 17,252 | 11,872 | 127,719 |
| Non-current liabilities | 4,524 | 4,513 | 350 |
| Net assets | 12,728 | 7,359 | 127,369 |
| Total equity | 12,728 | 7,359 | 127,369 |

***Summary Consolidated Statements of Cash Flows***

| | Period from 14 March 2008 to 31 December | Year ended 31 December | Eleven months ended 30 November | |
|---|---|---|---|---|
| | **2008** | **2009** | **2009** | **2010** |
| | | **(RMB'000)** | | |
| Cash and cash equivalents at beginning of the year/period | 972 | 739 | 739 | 5,670 |
| Net cash flows used in operating activities | (1,588) | (1,966) | (1,802) | (19,178) |
| Net cash flows used in investing activities | (6,440) | (12,489) | (10,661) | (64,412) |
| Net cash flows from financing activities | 7,795 | 19,386 | 11,847 | 167,209 |
| Net increase/(decrease) in cash and cash equivalents | (233) | 4,931 | (616) | 83,619 |
| Net foreign exchange difference | — | — | — | (2,548) |
| Cash and cash equivalents at end of the year/period | 739 | 5,670 | 123 | 86,741 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Overview*

We are a marble mining company at the initial stage of production. We currently own and operate one marble mine, the Zhangjiaba Mine, which is the largest beige marble mine in China in terms of marble reserves, according to a certification issued by CSMA in August 2010. The Zhangjiaba Mine, located in Sichuan Province of China, contains 44.2 million $m^3$ of measured and indicated marble resources, which represents 16.8 million $m^3$ of proved and probable marble reserves based on a block rate of 38%, according to the Competent Person's Report. Our mine contains high-quality beige marble reserves, and our principal products are premium beige marble slabs and blocks. We commenced commercial production at our Zhangjiaba Mine in September 2010 and began generating revenue in October 2010. We currently hold a mining permit for an initial term of 10 years granted in February 2011, covering an area of 0.44 $km^2$ with an elevation from 590 m to 938 m above MSL. On the Listing Date, we will be the first marble mining company listed on the Hong Kong Stock Exchange.

In addition to marble block mining, we plan to construct large-scale marble slab processing facilities in close proximity to our mine. Following the completion of our ramp-up plan in 2014, our mining capacity for marble blocks is expected to reach 150,000 $m^3$ per annum and our marble slab processing capacity at our processing facilities are expected to reach 3.0 million $m^2$ per annum. The estimated mine life of our Zhangjiaba Mine is 112 years, based on our current marble reserves and planned marble block mining capacity at 150,000 $m^3$. CSMA expects our mining capacity and processing capacity upon completion of our ramp-up plan to be the largest among marble mining companies in China.

Our principal products are marble slabs processed and blocks mined from our marble reserves. According to an independent panel review organized by CSMA, our Pure Beige and Mixed Beige products are premium marble products and our Wood Grain and Gray Net products are mid- to high-end marble products. Our Pure Beige, Mixed Beige, Wood Grain and Gray Net marble account for 51.0%, 32.7%, 6.4% and 9.9% of our marble reserves, respectively, according to the Competent Person's Report. According to the same panel review organized by CSMA, our mine contains high-quality beige marble reserves, and the color and texture of our marble products are similar to those of well-recognized, premium international branded marble products currently available in the market, based on the physical specifications and the appearance of our marble samples. Due to these characteristics, our premium marble products are suitable for use in the decoration of high-end commercial and public buildings.

According to the Competent Person's Report, marble is geologically defined as metamorphosed limestone or dolomite that is thoroughly recrystallized. Commercially in the stone industry, and as used in this Prospectus, marble also includes limestone or dolomite that is rock of sedimentary origin primarily composed of calcium carbonate or calcium magnesium carbonate and is polishable. Our principal resource at Zhangjiaba Mine is limestone that is commercially classified as marble.

***Basis of Presentation***

The Company was incorporated in the Cayman Islands as an exempted company under the Companies Law on 29 March 2010. In preparation for the Global Offering, we have undergone a Corporate Reorganization. The Corporate Reorganization involved companies under common control and our Company is regarded and accounted for as a continuing group. Accordingly, for the purpose of this report, the financial information set out in the Accountants' Report has been prepared using the principles of merger accounting. As a result of merger accounting, the financial information of Sichuan Jinshida is included in our Consolidated Financial Information as if the consolidation had occurred from 14 March 2008 when Sichuan Jinshida first came under control of our Controlling Shareholder. As the Controlling Shareholder obtained control over Sichuan Jinshida on 14 March 2008 and there were no transactions between 1 January 2008 and 13 March 2008 impacting our financial information, our financial information is presented from 14 March 2008.

To the extent of interest held by our Shareholders, the financial information has been prepared as if the current corporate structure had been in existence throughout the Track Record Period. The consolidated statements of financial position of our Company as at 31 December 2008 and 2009 and 30 November 2010 have been prepared to present the assets and liabilities of our Company as at the respective dates and as if the current corporate structure had been in existence as at those dates. All income, expenses and unrealized gains and losses resulting from inter-company transactions and inter-company balances within our Company are eliminated on consolidation in full.

***Factors Affecting Our Results of Operations and Financial Condition***

Our financial condition, results of operations and the period-to-period comparability of our financial results are principally affected by the following factors:

**Prices of products**

According to an independent panel review organized by CSMA, our Pure Beige and Mixed Beige products are premium marble products and our Wood Grain and Gray Net products are mid- to high-end marble products. Our Pure Beige, Mixed Beige, Wood Grain and Gray Net marble account for 51.0%, 32.7%, 6.4% and 9.9% of our marble reserves, respectively, according to the Competent Person's Report. We typically set sales prices of our beige marble products by applying certain discount to the selling prices of imported premium beige marble products currently available in the domestic market. Actual sales price is adjusted based on other factors, such as the customer's purchase volume and delivery cycle. Based on the long-term sales contracts that we entered into with seven customers in 2010, our average ex-factory sales prices are RMB830 per $m^2$ for Pure Beige marble slabs, RMB540 per $m^2$ for Mixed Beige marble slabs and RMB520 per $m^2$ for other marble slabs during the terms of such contracts. These prices compare favorably to the average price of approximately RMB150 per $m^2$ for other PRC branded marble products, based on data from the Hatch Report, which we believe reflected the high quality of our products. Some of the top quality imported beige marble slabs are priced as high as RMB1,300 per $m^2$. The color and texture of our marble products are similar to those of the well-recognized, premium international branded marble products currently available in the market, including those priced at top end. Because of the high quality of our marble products, we believe that sales prices for our products will increase to a similar level of prices for well-recognized, premium international branded marble products currently available in the market, the average price of which is approximately RMB1,000 per $m^2$, after we reach our planned mining and processing capacities. We believe that our customers will recognize the high quality of our marble products, and coupled with the increase in our mining and processing capacities upon completion of our ramp-up plan, we expect that we will be able to strengthen our pricing power and narrow the price gap between imported premium marble products and our products.

However, change in our end customers' preference, fluctuations in the price of marble blocks and marble slabs, due to factors such as an imbalance in the supply and demand for marble stones in local, national and global markets, and the performance of the PRC's stone industry can also influence the sales price of our products. As at the Latest Practicable Date, we did not foresee any material movement of price trend caused by changes of customer preference.

**Sales volume and production volume**

The market demand for decorative surfacing marble products in China has been exceeding their supply. The sales volume of our products depends primarily on supply from our mine reserves and our mining and processing capacities. Our plans for expanding our business and operations are largely dependent on our ability to meet production, timing and cost estimates for our current mine development projects. Factors such as obtaining regulatory approval from the appropriate authorities and financing could affect the outlook of our current and future mine projects. The timeline below highlights our key development for our ramp-up plan:

| Year | Total marble block mining capacity | Total marble slab processing capacity |
|---|---|---|
| | ($m^3$ per annum) | ($m^2$ per annum) |
| 2010 | 1,145 | — |
| 2011 | 45,000 | — |
| 2012 | 90,000 | 1.8 million |
| 2013 | 135,000 | 3.0 million |
| 2014 | 150,000 | 3.0 million |

In 2010, we secured long-term sales contracts. 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, representing 63%, 56% and 45%, respectively, of our total planned marble slab production in respective years according to the Competent Person's Report. Our customers are obliged to purchase a minimum of 90% of the volume set out in these sales contracts. See "Business — Customers and Contract Terms." We anticipate the domestic market demand for decorative surfacing marble products to continue to increase and our production volume will be consumed in full upon the commencement of our commercial production and after we reach the planned mining and processing capacities. As a result, we expect increases in sales volume to be one of the main drivers of our future revenue growth.

**Cash costs of production**

Major components of our cash costs of production are directly related to production volume. Our cash costs of operation mainly include mining costs, processing costs, general and administrative costs, selling costs, environmental protection costs, production taxes, resource compensation levy and other cash cost items. Variations in production volume and the costs of sales associated with top flipping, disintegration, mining, hauling to the processing plants, shaping, slinging, cutting, repairing, polishing and ware-housing are key factors that affect our cash costs of production. We did not incur any cost of sales prior to the commencement of our commercial production in September 2010. In October and November 2010, we generated revenue of RMB1.8 million from sales of our marble products and increased cost of sales of RMB0.7 million. During the period from September to December 2010, our actual unit cash production cost of the third-party processed marble slabs was RMB325 per $m^2$, which was higher than the projected unit cash production costs of the third-party processed marble slabs upon reaching our full mining and processing capacities. The currently higher-than-projected unit cash cost is mainly the result of a combination of the relatively low production volume and high administrative expenses at the initial stage of production. During the period from September to November 2010, we incurred selling expenses and administrative expenses of RMB138,000 and RMB14.1 million (including expenses in relation to the Global Offering of RMB8.5 million), respectively. The actual unit cash production cost of the third-party processed marble slabs decreased to RMB196 per $m^2$ in December 2010 as a result of increased production volume during this month. In addition, according to the Competent Person's Report, when we reach the planned mining capacity of 150,000 $m^3$ of marble blocks per annum and processing capacity of 3.0 million $m^2$ of marble slabs per annum in 2014, the unit cash cost for our self-processed marble slabs (calculated as the sum of mining operating cash cost, slab processing cost and administrative and selling expenses) is estimated to be approximately RMB124 per $m^2$, based on a slab-block ratio of 33.7, and our unit cash cost for marble slabs processed by third-party contractors (calculated as the sum of mining operating cash cost, contractor charges, transportation cost and administrative and selling expenses) is estimated to be approximately RMB131 per $m^2$ in 2014.

**Product mix**

As at the Latest Practicable Date, we entered into contracts to sell one-side-polished marble slabs to construction material suppliers, which in turn are expected to sell to property developers and construction companies. Where the market requires and if we deem commercially sensible, we may also sell marble blocks to third-party stone processing plants. Sales of marble slabs which are processed from our marble blocks usually generate higher margins than those generated from sales of marble blocks. Prior to the commencement of the commercial operations of our processing facilities, we engage third-party processing plants to process our marble blocks to marble slabs for sale. We expect to incur lower costs when processing marble slabs in our processing facilities than when engaging third-party stone processing factories to produce marble slabs for us.

We commenced commercial production at our Zhangjiaba Mine in September 2010. During the period from September to December 2010, we mined a total of 1,145 $m^3$ of marble blocks. During the same period, we sold a total of 3,000 $m^2$ of Pure Beige marble slabs, 9,000 $m^2$ of Mixed Beige marble slabs and 24 $m^3$ of marble blocks. The following table sets forth the sales volume, the revenue and the average selling price by product from 1 September 2010 to 3 January 2011, pursuant to a short-term sales contract of marble slabs we entered into with a construction material trading company in September 2010 and two individual transactions of marble blocks we entered into with two independent third parties who are engaged in stone processing:

| | Marble Slabs | | | |
|---|---|---|---|---|
| | **Pure Beige** | **Mixed Beige** | **Total** | **Marble Blocks** |
| ***1 September 2010 to 30 November 2010*** | | | | |
| Sales volume ($m^3$ (blocks)/$m^2$ (slabs)) | 1,000 | 2,000 | 3,000 | 24 |
| Revenue (RMB in millions) | 0.72 | 0.97 | 1.69 | 0.08 |
| Average selling price (RMB/$m^3$ (blocks)/ RMB/$m^2$ (slabs))*Note* | 720 | 487 | 563 | 3,414 |
| ***1 December 2010 to 3 January 2011*** | | | | |
| Sales volume ($m^3$ (blocks)/$m^2$ (slabs)) | 2,000 | 7,000 | 9,000 | — |
| Revenue (RMB in millions) | 1.44 | 3.41 | 4.85 | — |
| Average selling price (RMB/$m^3$ (blocks)/ RMB/$m^2$ (slabs))*Note* | 720 | 487 | 538 | — |
| ***1 September 2010 to 3 January 2011*** | | | | |
| Sales volume ($m^3$ (blocks)/$m^2$ (slabs)) | 3,000 | 9,000 | 12,000 | 24 |
| Revenue (RMB in millions) | 2.16 | 4.38 | 6.54 | 0.08 |
| Average selling price (RMB/$m^3$ (blocks)/ RMB/$m^2$ (slabs))*Note* | 720 | 487 | 545 | 3,414 |

*Note:* The average selling price is calculated by dividing the revenue by the corresponding sales volume. Our revenue is net of VAT.

Revenue from 1 December 2010 to 3 January 2011 and revenue from 1 September 2010 to 3 January 2011 presented in the table above are estimates based on unaudited management accounts for the relevant periods. Accordingly, you should not place undue reliance on these estimates. For additional information regarding the various risks and uncertainties inherent in estimates of this type, see "Forward-Looking Statements." Our estimated revenue for these periods is not indicative of our gross profit or net profit or net loss for such periods, nor is it indicative of our revenue, gross profit or net profit or net loss or other financial results for the year ended 31 December 2010 or any other periods. Our estimated net profit and gross profit for the month ended 31 December 2010 were in line with our expectations and consistent with our loss estimate for the year ended 31 December 2010 included in "— Loss Estimate for the Year Ended 31 December 2010" and "Appendix III — Loss Estimate." Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus for information regarding trends and other factors that may influence our results of operations.

Following the ramp-up of our marble slab processing capacity, we plan to reduce the volume of marble blocks sold to third-party processing plants as well as the marble slabs outsourced to third-parties for processing to focus on sales of marble slabs that are processed in our own facilities. As a result, we believe that we will be able to generate higher profit margins upon ramp-up of our processing capacity.

According to an independent panel review organized by CSMA, our Pure Beige and Mixed Beige products are premium marble products and our Wood Grain and Gray Net products are mid- to high-end marble products. Our Pure Beige, Mixed Beige, Wood Grain and Gray Net marble account for 51.0%, 32.7%, 6.4% and 9.9% of our marble reserves, respectively, according to the Competent Person's Report. Based on the long-term sales contracts we entered into with seven customers in 2010, our average ex-factory sales prices are RMB830 per $m^2$ for Pure Beige marble slabs, RMB540 per $m^2$ for Mixed Beige marble slabs and RMB520 per $m^2$ for other marble slabs during the terms of such contracts. In addition, the sales price for cut-to-size marble tiles is higher than that of one-side-polished marble slabs and thin marble slabs. As a result, our revenue and profit margin will depend on the composition of the type of marble and slabs we sell.

**Economic growth and industry policy in the PRC**

Demand for our decorative surfacing marble products is directly related to the level of activities in both private-sector and public-sector construction industries. Construction activities tend to increase when economies are strong, interest rates are favorable, government spending is encouraging and consumers feel confident in the overall economy. In recent years, China has become an important market, and its influence on the global stone industry, including marble, has been increasing. The demand for the high-end decorative surfacing marble products is primarily affected by the growth of the commercial 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. In addition, 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 will also be reduced significantly. See the section headed "Industry Overview" in this Prospectus for further details of factors that could affect the demand for our products in the PRC and thus, our revenue and profits.

The PRC local, provincial and central authorities exercise a substantial degree of control over the mining industry in China. Our operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labor, occupational health and safety, waste treatment and environmental protection and operation management. The PRC Government has full authority to grant, renew and terminate exploration, mining and production permits. While we expect to be able to renew our mining and production permits, if for any reason we are unable to do so, our results of operations would be materially and adversely affected.

***Critical Accounting Policies and Estimates***

Our principal accounting policies are set forth in Section II Note 3.3 to the Accountants' Report as set out in Appendix I to this Prospectus. IFRS requires that we adopt accounting policies and make estimates and assumptions that our management believes are most appropriate in the circumstances for the purposes of giving a true and fair view of our results and financial condition. The preparation of our financial information requires management to make significant estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, the inherent uncertainty of these significant assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. We have identified below the accounting policies that we believe are the most critical to our Consolidated Financial Information and that involve the most significant estimate.

**Goodwill impairment**

We determine the impairment of goodwill on an annual basis or more frequently, if necessary. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. The value in use requires us to estimate the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2008 and 2009 and 30 November 2010 was RMB3.0 million.

**Useful lives of property, plant and equipment**

We estimate the useful lives and related depreciation charges for items of property, plant and equipment. This estimation is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of our competitors. Our management will increase the depreciation charge where useful lives are less than previously estimated, or we will record reserve for technically obsolete assets that have been abandoned.

**Impairment of non-financial assets (other than goodwill)**

We assess each cash-generating unit annually to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. 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 relevant accounting policy. 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. The carrying amounts of property, plant and equipment as at 31 December 2008 and 2009 and 30 November 2010 were RMB16.1 million and RMB23.8 million and RMB83.3 million, respectively. The carrying amounts of mining rights as at 31 December 2008 and 2009 and 30 November 2010 were RMB21.4 million and RMB23.7 million and RMB23.7 million, respectively.

**Mine reserves**

Due to the significant degree of judgment involved in the estimation of our mine reserves the estimated amounts are inherently imprecise and represent only approximate amounts. Authoritative guidelines regarding the engineering criteria have to be met before estimated mine reserves can be designated as "proved" and "probable." Proved and probable mine reserve estimates are updated on regular intervals taking into account recent production and technical information of mine. In addition, as prices and cost levels change from year to year, estimations for proved and probable mine reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in both depreciation and amortization rates calculated on a units of production basis, and the time period for discounting the rehabilitation provision. Changes in the estimations for mine reserves are also taken into account in impairment assessments of non-current assets.

**Deferred tax assets**

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax assets as at 31 December 2008 and 2009 and 30 November 2010 were RMB629,000 and RMB852,000 and RMB5.0 million, respectively.

***Description of Components of Results of Operations***

**Revenue**

Revenue represents the net invoice value of goods sold, net of VAT, trade discounts and returns and various types of government surcharges, where applicable. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. As we focused on mine planning, construction and infrastructure development and only commenced commercial production in September 2010, there was no revenue, trade discount or returns prior to September 2010. For the eleven months ended 30 November 2010, our revenue was RMB1.8 million.

**Cost of sales**

Our cost of sales mainly includes energy costs, staff costs and retirement benefit scheme contributions, depreciation and amortization of land use rights and mining rights, auxiliary materials used in the production process, environmental protection fees, production safety fees and other production costs. We did not incur any cost of sales for the period from 14 March 2008 to 31 December 2008 and the year ended 31 December 2009 prior to the commencement of our commercial production in September 2010. For the eleven months ended 30 November 2010, our cost of sales was RMB0.7 million.

**Other income**

During the Track Record Period, we had other income, representing the interests of our interest-bearing bank deposits. We recorded other income of RMB3,000, RMB2,000 and RMB31,000 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.

**Selling and distribution costs**

Selling and distribution costs mainly represent costs related to transportation, sample costs, staff costs and other costs. We incurred selling and distribution costs of RMB63,000, RMB270,000 and RMB472,000 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.

**Administrative expenses**

Administrative expenses mainly represent costs related to staff costs, office charges, consultation and service fees, entertainment costs, taxes other than income tax and other expenses, including provisions for individual income tax in relation to interests on certain borrowings provided by independent third-party individuals. We incurred administrative expenses of RMB1.2 million, RMB2.6 million and RMB23.1 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.

**Other expenses**

Our other expenses historically mainly represented our donation for the Sichuan earthquake in May 2008 and loss on disposal of items of property, plant and equipment. We incurred other expenses of RMB720,000, RMB690,000 and RMB728,000 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.

**Finance costs**

Finance costs represent interest and surcharges on our borrowings. We incurred finance costs of RMB25,000, RMB2.0 million and RMB2.1 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.

**Income tax benefit**

Income tax benefit represents current and deferred tax. Income tax benefit is recognized in the consolidated statements of comprehensive income, or in equity if it relates to items that are recognized in the same or a different period directly in equity.

Under the rules and regulations of the Cayman Islands and BVI, we are not subject to any income tax in the Cayman Islands and BVI. We have not made any provisions for Hong Kong profits tax as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

On 16 March 2007, the PRC Government promulgated the EIT Law and, on 6 December 2007, the *State Council of the PRC* issued Implementation Regulations. Under the EIT Law and the Implementation Regulations, effective 1 January 2008, a unified EIT rate is set at 25% for both domestic enterprises and foreign invested enterprises. As a result, our PRC subsidiaries are subject to PRC income tax at a tax rate of 25% 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.

We recorded income tax benefit of RMB253,000, RMB241,000 and RMB4.1 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.

***Results of Operations***

**Eleven months ended 30 November 2010 compared with eleven months ended 30 November 2009**

*Revenue*

For the eleven months ended 30 November 2009, as we focused on mine planning, construction and infrastructure development, we did not generate revenue from our operations. Because we commenced commercial production in September 2010, we had revenue of RMB1.8 million for the eleven months ended 30 November 2010.

*Cost of sales*

For the eleven months ended 30 November 2009, we did not incur any cost of sales prior to the commencement of our commercial production in September 2010. Consequently, for the eleven months ended 30 November 2010, we incurred cost of sales of RMB0.7 million.

*Gross profit*

For the eleven months ended 30 November 2009, we did not record gross profit because we have not commenced commercial production. For the eleven months ended 30 November 2010, we had gross profit of RMB1.1 million.

*Other income*

Our other income increased from RMB2,000 for the eleven months ended 30 November 2009 to RMB31,000 for the eleven months ended 30 November 2010 due to increased interest income as a result of the increase in bank deposits.

*Selling and distribution costs*

Our selling and distribution costs increased from RMB244,000 for the eleven months ended 30 November 2009 to RMB472,000 for the eleven months ended 30 November 2010. The increase was primarily due to the increase in advertisement of our products prior to our commercial production as well as staff costs.

*Administrative expenses*

Our administrative expenses increased from RMB2.2 million for the eleven months ended 30 November 2009 to RMB23.1 million for the eleven months ended 30 November 2010. The increase was primarily due to the increase in consultation and service fees in relation to our proposed Listing of the Shares on the Stock Exchange and staff costs as a result of our business expansion.

*Other expenses*

Our other expenses increased from RMB203,000 for the eleven months ended 30 November 2009 to RMB728,000 for the eleven months ended 30 November 2010. The increase was primarily due to foreign exchange losses incurred as a result of the depreciation of U.S. dollars during the eleven months ended 30 November 2010.

*Finance costs*

Our finance costs increased from RMB1.8 million for the eleven months ended 30 November 2009 to RMB2.1 million for the eleven months ended 30 November 2010. The increase was primarily due to the increase in interest on loans as a result of the increase in the average balance of interest-bearing borrowings.

*Income tax benefit*

Our income tax benefit increased from RMB193,000 for the eleven months ended 30 November 2009 to RMB4.1 million for the eleven months ended 30 November 2010 due to an increase in loss before tax during the respective period.

*Loss for the period*

As a result of the foregoing factors, our loss increased from RMB4.2 million for the eleven months ended 30 November 2009 to RMB21.2 million for the eleven months ended 30 November 2010.

**Year ended 31 December 2009 compared with period from 14 March 2008 to 31 December 2008**

*As a result of merger accounting, the financial statements of Sichuan Jinshida, the only PRC operating subsidiary having financial records within our Company during the Track Record Period, are included in our Consolidated Financial Information as if the consolidation had occurred from 14 March 2008 when Sichuan Jinshida first came under control of our Controlling Shareholder. As the Controlling Shareholder obtained the control over Sichuan Jinshida on 14 March 2008 and there were no transactions between 1 January 2008 to 13 March 2008 impacting the financial information, the financial information is presented from 14 March 2008. As a result, the comparisons of our operating results for the period from 14 March 2008 to 31 December 2008 and the year ended 31 December 2009 may not be meaningful.*

*Revenue*

During the period from 14 March 2008 to 31 December 2008 and the year ended 31 December 2009, as we focused on mine planning, construction and infrastructure development and only commenced commercial production in September 2010, we did not generate revenue from our operations.

*Cost of sales*

During the period from 14 March 2008 to 31 December 2008 and the year ended 31 December 2009, we did not incur any cost of sales prior to the commencement of our commercial production in September 2010.

*Other income*

We recorded other income of RMB3,000 for the period from 14 March 2008 to 31 December 2008 and RMB2,000 for the year ended 31 December 2009, which were interests from bank deposits.

*Selling and distribution costs*

We incurred selling and distribution costs of RMB63,000 for the period from 14 March 2008 to 31 December 2008 and RMB270,000 for the year ended 31 December 2009. Our selling and distribution costs in both periods mainly consisted of sample costs and related costs, such as transportation fees and staff costs.

*Administrative expenses*

We incurred administrative expenses of RMB1.2 million for the period from 14 March 2008 to 31 December 2008 and RMB2.6 million for the year ended 31 December 2009, mainly as a result of our business expansion in 2009, which required more administrative activities during the respective year. We incurred more administrative expenses in 2009 due to the increase in consultation and service fees in relation to (i) obtaining clearance on environmental protection, production safety and air pollution prevention for trial production and (ii) provisions for individual income tax in relation to interests on certain borrowings provided by independent third-party individuals. These borrowings have been repaid in full in June 2010.

*Other expenses*

We incurred other expenses of RMB720,000 for the period from 14 March 2008 to 31 December 2008 and RMB690,000 for the year ended 31 December 2009. The other expenses for the period from 14 March 2008 to 31 December 2008 included the donation we made during Sichuan earthquake in May 2008 and the losses on disposal of items of property, plant and equipment. We also incurred loss on disposal of an old equipment of RMB666,000 in 2009.

*Finance costs*

We incurred finance costs of RMB25,000 for the period from 14 March 2008 to 31 December 2008 and RMB2.0 million for the year ended 31 December 2009. The significant change was primarily due to the increase in interest on loans as a result of the increase in the average balance of interest-bearing borrowings and the increase in the interest rate in 2009.

*Income tax benefit*

We recorded income tax benefit of RMB253,000 for the period from 14 March 2008 to 31 December 2008 and RMB241,000 for the year ended 31 December 2009 due to an increase in loss resulted from increased expenses in 2009.

*Loss for the year/period*

As a result of the foregoing factors, we incurred loss of RMB1.8 million for the period from 14 March 2008 to 31 December 2008 and RMB5.4 million for the year ended 31 December 2009.

***Liquidity and Capital Resources***

Our primary uses of liquidity are to invest in the development of our mine, to service our indebtedness and to fund our working capital. As at the Latest Practicable Date, we financed our cash requirements through a combination of advances from the Controlling Shareholder, interest-bearing bank borrowings, cash generated from operating activities, capital contributions by Wongs Investment using the proceeds from the issuance of the Exchangeable Note and other debt financing.

**Cash flows**

The following table sets forth a summary of our cash flows information for the periods indicated:

| | Period from 14 March to 31 December[Note] | Year ended 31 December | Eleven months ended 30 November | |
|---|---|---|---|---|
| | 2008 | 2009 | 2009 | 2010 |
| | | (RMB'000) | | |
| Cash and cash equivalents at beginning of the year/period | 972 | 739 | 739 | 5,670 |
| Net cash flows used in operating activities | (1,588) | (1,966) | (1,802) | (19,178) |
| Net cash flows used in investing activities | (6,440) | (12,489) | (10,661) | (64,412) |
| Net cash flows from financing activities | 7,795 | 19,386 | 11,847 | 167,209 |
| Net increase/(decrease) in cash and cash equivalents | (233) | 4,931 | (616) | 83,619 |
| Net foreign exchange difference | — | — | — | (2,548) |
| Cash and cash equivalents at end of the year/period | 739 | 5,670 | 123 | 86,741 |

*Operating activities*

Net cash outflows from operating activities for the eleven months ended 30 November 2010 were RMB19.2 million primarily as a result of a loss before tax for the period in the amount of RMB25.4 million, and adjusted for: (i) an interest on borrowings at RMB2.0 million primarily due to an increase in the balance of borrowing required for our business development; (ii) an increase in other payables and accruals of RMB5.7 million; and (iii) an increase in amount due from Wongs Investment of RMB1.3 million.

Net cash outflows from operating activities for the year ended 31 December 2009 were RMB2.0 million, primarily as a result of a loss before tax for the year in the amount of RMB5.6 million and adjusted for: (i) an interest on borrowings of RMB1.9 million primarily due to an increase in the balance of borrowings required for our business development; (ii) an increase in other payables and accruals of RMB964,000 primarily due to the accrual for staff cost; (iii) depreciation of property, plant and equipment of RMB873,000; (iv) depreciation of property, plant and equipment capitalized of RMB793,000; and (v) loss on disposal of items of property, plant and equipment of RMB666,000.

Net cash outflows from operating activities for the period from 14 March 2008 to 31 December 2008 were RMB1.6 million, primarily as a result of a loss before tax for the period in the amount of RMB2.0 million and adjusted for: (i) loss on disposal of items of property, plant and equipment of RMB337,000; (ii) increase in other payables and accruals of RMB64,000; and (iii) increase in prepayments, deposits and other receivables of RMB61,000.

*Investing activities*

Net cash flows used in investing activities for the eleven months ended 30 November 2010 were RMB64.4 million due to purchase of items of property, plant and equipment of RMB62.2 million.

Net cash flows used in investing activities for the year ended 31 December 2009 were RMB12.5 million primarily due to: (i) purchase of items of property, plant and equipment of RMB11.5 million; and (ii) payment of mining rights premium of RMB2.3 million relating to the Zhangjiaba Mine; partly offset by proceeds from disposal of items of property, plant and equipment of RMB1.1 million. We received proceeds from government grants of RMB230,000 for the year ended 31 December 2009, which were granted by the local government for supporting the business development of Sichuan Jinshida under a post-earthquake restoration and reconstruction program launched by the local government.

Net cash flows used in investing activities for the period from 14 March 2008 to 31 December 2008 were RMB6.4 million due to purchase of items of property, plant and equipment of RMB6.5 million.

*Financing activities*

Net cash inflows from financing activities were RMB167.2 million for the eleven months ended 30 November 2010. Our cash inflows from financing activities during the period primarily consisted of: (i) capital injection of RMB143.4 million; (ii) advances from our Controlling Shareholder of RMB52.3 million to support our mine development; and (iii) proceeds from interest-bearing borrowings of RMB70.0 million; partly offset by (i) repayment of interest-bearing borrowings of RMB11.9 million; (ii) repayment to the Controlling Shareholder of RMB79.7 million; and (iii) payment of Global Offering costs of RMB4.9 million.

Net cash inflows from financing activities were RMB19.4 million for the year ended 31 December 2009. Our cash inflow from financing activities during the year primarily consisted of: (i) proceeds from interest-bearing borrowings of RMB11.1 million; and (ii) increase in amounts due to our Controlling Shareholder of RMB10.2 million due to advances from our Controlling Shareholder for the financial support of our mine development; partly offset by interest and guarantee costs paid of RMB1.9 million.

Net cash inflows from financing activities were RMB7.8 million for the period from 14 March 2008 to 31 December 2008. Our cash inflow from financing activities during the period primarily consisted of: (i) advances from our Controlling Shareholder of RMB7.0 million for the financial support of our mine development; and (ii) proceeds from interest-bearing borrowings of RMB0.8 million.

***Working Capital***

Taking into account the financial resources available to us, including the capital injection of RMB143.4 million from our Controlling Shareholder, revenue generated from our operations following the commencement of commercial production of our Zhangjiaba Mine and the estimated proceeds from the Global Offering, and in the absence of unforeseen circumstances, our Directors are of the opinion that we have available sufficient working capital for 125% of our present requirements, that is for at least 12 months from the date of this Prospectus.

***Discussion of Certain Items from the Statements of Financial Position***

**Intangible assets**

The below table sets forth the net book value of our intangible assets as at each of the dates indicated:

| | Mining rights |
|---|---|
| | (RMB'000) |
| **Net carrying amount:** | |
| As at 14 March 2008 | 21,360 |
| As at 31 December 2008 | 21,360 |
| As at 31 December 2009 | 23,677 |
| As at 30 November 2010 | 23,676 |

Our mining rights represent rights for the mining of marble reserves in our Zhangjiaba Mine located in Jiangyou County, Sichuan Province, China. The Zhangjiaba Mine is operated by Sichuan Jinshida. The local government granted the mining permit to Sichuan Jinshida, expiring on 1 June 2017. The estimated useful life of the mining right is based on its unexpired period. No amortization was made before we commenced commercial production in September 2010.

We obtained the mining rights with permitted mining area of 0.289 $km^2$ as a result of our acquisition of Sichuan Jinshida in March 2008. In January 2009, we applied to further expand the total permitted mining area of our Zhangjiaba Mine from 0.289 $km^2$ to 0.495 $km^2$. In 2009, we applied to change the nature of our mine from cement aggregates to both decorative surfacing stones and cement aggregates. The application was approved in August 2009. As a result, the net book value of our intangible assets increased in 2009. In February 2011, we obtained our current mining permit covers an area of 0.44 $km^2$ within an elevation from 590 m to 938 m above MSL. Our mining permit for the Zhangjiaba Mine will expire in 2021 and is renewable upon expiration subject to certain statutory requirements and conditions.

**Prepayments, deposits and other receivables**

Our prepayments, deposits and other receivables represent prepayment for purchase of raw materials and utilities, deferred Global Offering costs, prepaid operating lease rentals, short-term deposits and other receivables. The following table sets forth the details of our prepayments, deposits and other receivables as at the dates indicated:

| | As at 31 December | | As at 30 November |
|---|---|---|---|
| | 2008 | 2009 | 2010 |
| | | (RMB'000) | |
| Prepayments for purchase of: | | | |
| — Raw materials | 7 | 87 | 267 |
| — Utilities | 10 | 68 | 133 |
| — Deferred Global Offering costs | — | — | 4,863 |
| Prepaid operating lease rentals to be amortized within one year | | | |
| — Office | 21 | 30 | 44 |
| Deposits | 108 | 102 | — |
| Deductable VAT | — | — | 3,946 |
| Other receivables | 186 | 135 | 584 |
| **Total current portion** | 332 | 422 | 9,837 |

The carrying amounts of prepayments, deposits and other receivables closely approximate their respective fair values. Deferred Global Offering costs represent legal and other professional fees relating to our proposed Listing of the Shares on the main board of the Stock Exchange, which will be deducted from equity when the Company completes the Listing. None of our prepayment, deposits and other receivables is past due or impaired. The financial assets included in the table above relate to receivables for which there was no recent history of default.

As at 30 November 2010, prepayments and other receivables mainly represent deferred Global Offering costs amounting to RMB4.9 million. Deferred Global Offering costs represent legal and other professional fees relating to the Listing which will be deducted from equity when we complete the Listing.

**Other payables and accruals**

Our other payables and accruals mainly consist of accrual for the acquisition of property, plants and equipment and payroll and employee welfare payable to our employees as well as provisions for outstanding housing fund and social insurance. The following table sets forth the details of our other payables and accruals as at each of the dates indicated:

| | As at 31 December | | As at 30 November |
|---|---|---|---|
| | 2008 | 2009 | 2010 |
| | | (RMB'000) | |
| Advances from customers | 97 | 97 | 116 |
| Accruals related to: | | | |
| — Property, plant and equipment | 2,967 | 1,758 | 3,589 |
| — Taxes other than income tax | 37 | 423 | 578 |
| — Payroll and welfare | 559 | 1,368 | 3,161 |
| — Interest of borrowings | 22 | 155 | 227 |
| — Global Offering costs | — | — | 3,786 |
| Deposits received | 400 | 100 | 176 |
| Payable for rehabilitation | 2,100 | 1,400 | 1,302 |
| Other payables | 26 | 95 | 103 |
| | 6,208 | 5,396 | 13,038 |

Our other payable and accruals are non-interest-bearing and have average terms of one to three months. The carrying amounts of other payables and accruals approximate to their fair value.

The accrual for property, plant and equipment decreased from RMB3.0 million as at 31 December 2008 to RMB1.8 million as at 31 December 2009 because we made certain payments in 2009. The accrual for payroll and welfare increased from RMB0.6 million as at 31 December 2008 to RMB1.4 million as at 31 December 2009 due to the significant increase in the numbers of our construction workers at our Zhangjiaba Mine in 2009.

The accrual for property, plant and equipment increased from RMB1.8 million as at 31 December 2009 to RMB3.6 million as at 30 November 2010 due to increased purchase of fixed assets in 2010. The accrual for payroll and welfare increased from RMB1.4 million as at 31 December 2009 to RMB3.2 million as at 30 November 2010 due to our recruitment of senior management and directors in 2010. As at 30 November 2010, we also had accrual related to Global Offering costs of RMB3.8 million, mainly consisting of consultation and service fees in relation to our proposed Listing of the Shares on the Stock Exchange.

### Interest-bearing borrowings

The following table sets forth the details of our interest-bearing borrowings as at each of the dates indicated:

| | As at 31 December | | As at 30 November | As at 31 January |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 |
| | (RMB'000) | | | |
| *Repayable within one year:* | | | | |
| Bank loans | | | | |
| — Unsecured | — | — | 70,000 | 96,000[1] |
| — Secured[2] | — | — | — | 3,295 |
| — Secured and guaranteed | — | 4,000 | — | — |
| Other borrowings | | | | |
| — Unsecured | 800 | 7,860 | — | — |
| | 800 | 11,860 | 70,000 | 99,295 |

*Notes:*

(1) The additional unsecured bank loans was borrowed and used as our working capital.

(2) A deposit of US$500,000 was pledged as security for such short-term bank loan.

As at 31 December 2008, 31 December 2009 and 30 November 2010, our interest-bearing borrowings were denominated in RMB. The carrying amounts of our bank loans are approximate to their fair value.

As at 30 November 2010, our unsecured bank loans amounted to RMB70.0 million, which was borrowed from Guangdong Development Bank and China Construction Bank to repay the shareholder loans and bearing interest at fixed rates per annum in the range from 4.0% to 5.0%.

As at 31 December 2009, the bank loans bore interest at a fixed interest rate of 6.9% per annum and were guaranteed by Jiangyou Yintong Credit Guarantee Co., Ltd. (江油銀通信用擔保有限公司), which is a non-related party engaged in the guarantee business. In accordance with the guarantee agreement entered into among Sichuan Jinshida, Jiangyou Yintong Credit Guarantee Co., Ltd. and Jiucheng Mining, a related party of the Company, Sichuan Jinshida agreed to pay guarantee costs at a rate of 2% on the guaranteed loan principal, and to secure certain property, plant and equipment with a net book value of RMB5.0 million to Jiangyou Yintong Credit Guarantee Co., Ltd.; and Jiucheng Mining agreed to provide a counter-guarantee to Jiangyou Yintong Credit Guarantee Co., Ltd. free of charge. The guarantee was released in August 2010 when we fully repaid those bank loans.

We obtained guarantees from independent third parties during the Track Record Period. As a general practice in China, local commercial banks require guarantees from guarantee companies as a condition to provide bank loans to borrowers with limited scale of business operation. As our mine was in an early stage of development during the Track Record Period and we did not have sufficient assets that are acceptable to the commercial banks as collaterals, we had used third-party guarantees for the purposes of obtaining loans. These guarantees were fully released in August 2010. We do not expect to obtain guarantees from third parties after the Listing.

The other borrowings were borrowed from 13 individuals who are independent third parties, and bore interest at a fixed interest rate of 36% per annum. Such borrowings were provided through these individuals' personal funds. Our Controlling Shareholder, Mr. Huang, has also entered into a financial support agreement with the Company, which was terminated on 3 March 2011. During the period when Sichuan Jinshida was in its initial stage of development in 2007 and had little assets to be used as collateral to obtain bank loans, we had sought for alternative sources of funding, including personal loans from these Independent Third Parties, to finance its capital needs. We have not paid any individual income tax in relation to interests on these borrowings but has made provisions of approximately RMB4,000, RMB365,000 and RMB142,000 as at 31 December 2008, 31 December 2009 and 30 November 2010, respectively. The other borrowings were fully repaid in June 2010.

We have not experienced any default or withdrawal or request for early repayment of bank borrowings during the Track Record Period.

**Current assets and current liabilities**

The table below sets forth the breakdown of our current assets and current liabilities as at each of the statement of financial position dates:

| | As at 31 December | | As at 30 November | As at 31 January 2011, the latest practicable date for the purpose of this confirmation |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | |
| | (RMB'000) | | | (unaudited) |
| **Current assets** | | | | |
| Cash and bank balances | 739 | 5,670 | 86,741 | 103,856 |
| Trade receivables | — | — | — | 675 |
| Prepayments, deposits and other receivable | 332 | 422 | 9,837 | 14,082 |
| Inventories | — | — | 712 | 1,901 |
| Due from Wongs Investment | — | — | 1,265 | — |
| | 1,071 | 6,092 | 98,555 | 120,514 |
| **Current liabilities** | | | | |
| Interest-bearing borrowings | 800 | 11,860 | 70,000 | 99,295 |
| Trade payables | — | — | 124 | 994 |
| Other payables and accruals | 6,208 | 5,396 | 13,038 | 14,622 |
| Tax payable | — | — | — | 183 |
| Due to the Controlling Shareholder | 17,200 | 27,419 | — | — |
| | 24,208 | 44,675 | 83,162 | 115,094 |
| **Net current assets/(liabilities)** | (23,137) | (38,583) | 15,393 | 5,420 |

During the Track Record Period, we focused our business activities on mine planning and construction, and infrastructure development. Because we only recently commenced commercial production, we did not generate any revenue until October 2010. As a result, we recorded net current liabilities as at 31 December 2008 and 2009 and, as at 30 November 2010, we had net current assets of RMB15.4 million mainly because we received capital contributions from Wongs Investment using the proceeds from the issuance of the Exchangeable Note and generated revenue from sales of our marble products.

### *Related Party Transactions*

During the Track Record Period, Jiucheng Mining, a related party controlled by the Controlling Shareholder of the Company, provided a counter-guarantee free of charge, to a third-party guarantee company, who provided guarantee for our Company's bank loans with a carrying amount of RMB4.0 million as at 31 December 2009. The Directors consider the counter-guarantee provided by the related party was conducted based on terms more favorable than terms available from an Independent Third Party. These guarantees were fully released in August 2010 and the Company does not expect to obtain guarantees from third parties after the Listing.

Mr. Huang is the Controlling Shareholder of the Company. Pursuant to a financial support agreement between Mr. Huang and Sichuan Jinshida dated 1 April 2008, Mr. Huang agreed to provide interest-free funding with a cap amount of RMB100.0 million to Sichuan Jianshida for its mining development for five years from 14 March 2008. The financial support agreement was terminated on 3 March 2011.

#### Balances with the Controlling Shareholder

Balances with the Controlling Shareholder are interest-free, unsecured and have no fixed term of repayment. The carrying amounts of balances with the Controlling Shareholder approximate to their fair values. The balance with Wongs Investment as at 30 November 2010 has been fully settled in December 2010.

The related party transactions during the Track Record Period are also set out in Note 22 and 28 of the Accountants' Report attached as Appendix I to this Prospectus.

### *Commitments and Contingent Liabilities*

#### Capital commitments

We did not have capital commitments as at 31 December 2008 and 31 December 2009. As at 30 November 2010, we had capital commitment of RMB363,000 principally for the construction and purchase of property, plant and equipment.

**Operating lease arrangements**

We lease certain land premises under operating lease arrangements, with lease terms negotiated ranging from eight to fifteen years with an option for renewal after that date, at which time all terms will be renegotiated. As at each of the statement of financial position dates, we had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | As at 31 December | | As at 30 November |
|---|---|---|---|
| | 2008 | 2009 | 2010 |
| | | (RMB'000) | |
| Within one year | 14 | 27 | 249 |
| In the second to fifth years, inclusive | 100 | 173 | 399 |
| After five years | 180 | 259 | 554 |
| | 294 | 459 | 1,202 |

**Contingent liabilities**

On 13 August 2010, MS China 3 entered into a note purchase agreement (the "Note Purchase Agreement") with the Company, Mr. Huang and Wongs Investment, pursuant to which MS China 3 agreed to purchase a note in the aggregate principal amount of US$15.0 million issued by Wongs Investment on 19 August 2010, exchangeable into the Shares owned and held by Wongs Investment (the "Exchangeable Note").

Pursuant to the Note Purchase Agreement, the Company has agreed to indemnify each of MS China 3's stakeholder and their respective directors, officers and agents (collectively, the "Indemnified Persons") against any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever, including any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding (collectively, "Losses") that any Indemnified Person may at any time become subject to or liable for in connection with claims by third parties by reason of the status of such stakeholder as stakeholder of the Company or of such director as a director of the Company, as the case may be, other than Losses arising from the gross negligence, willful misconduct, fraud or dishonesty of such Indemnified Person.

Moreover, the Company, Mr. Huang and Wongs Investment have agreed to jointly and severally indemnify, defend and hold harmless MS China 3 from and against any Losses resulting from or arising out of any claims against the Company or the Group relating to any tax liability that arose before the date hereof (whether or not (i) such claims have been disclosed to MS China 3, (ii) such claims arise before or after the date of the Note Purchase Agreement or (iii) MS China 3 has actual or constructive knowledge of such claims) for which full provision or reserve has not been made in the accounts and our management accounts as provided to MS China 3 prior to the date of the Note Purchase Agreement. All of our indemnity obligations will be terminated upon Listing.

Except as disclosed above, we did not have any material contingent liabilities or guarantees as at 3 January 2011, the latest practicable date for the purposes of this confirmation.

### Capital expenditures

We incurred capital expenditures for the construction, development, technology upgrade of the Zhangjiaba Mine and our marble slab processing facilities during the Track Record Period. The table below sets forth details of our capital expenditures for the dates indicated:

| | Period from 14 March 2008 to 31 December 2008 | Year ended 31 December | | | |
|---|---|---|---|---|---|
| | 2008 | 2009 | 2010E | 2011E | 2012E |
| | | | (RMB'000) | | |
| Property, plant and equipment | 9,535 | 9,612 | 64,816 | 225,207 | 228,383 |
| Intangible assets | — | 2,317 | 2,398 | 70,626 | 40,000 |
| | 9,535 | 11,929 | 67,214 | 295,833 | 268,383 |

We commenced commercial production and revenue generating activities for the Zhangjiaba Mine in September 2010. As at the Latest Practicable Date, we financed the development of the Zhangjiaba Mine through a combination of advances from the Controlling Shareholder, interest-bearing bank borrowings, cash generated from operating activities, capital contributions by Wongs Investment using the proceeds from the issuance of the Exchangeable Note and other debt financing.

### Indebtedness

For details of our borrowings, see "— Discussion of Certain Items from the Statements of Financial Position — Interest-bearing borrowings."

As at 31 January 2011, being the latest practicable date for the purpose of this indebtedness statement, our interest-bearing borrowings were RMB99.3 million. Our Directors confirm there have been no material changes to our indebtedness since 31 January 2011.

### Off-balance sheet arrangements

We have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

### Qualitative and quantitative disclosure about market risk

We are exposed to various types of market risks in the ordinary course of our business. The main risks arising from our financial instruments are liquidity risk, interest rate risk and credit risk. We manage our exposure to these and other market risks through regular operating and financial activities. The Board regularly reviews these risks and our financial risk management policy seeks to ensure that adequate resources are available to manage the market risks summarized below and to create value for our Shareholders.

### Liquidity risk

We monitor our exposure to a shortage of funds by considering the maturity of both our financial instruments and financial assets and projected cash flows from operations. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings and advances from our Controlling Shareholder.

### Interest rate risk

Our exposure to interest rate risk relates primarily to our bank deposits and interest-bearing bank loans. The interest rates and terms of repayment of interest-bearing borrowings are disclosed in Section II Note 19 to the Accountants' Report as set out in Appendix I to this Prospectus. We manage our interest rate exposure from all of our interest-bearing borrowings through the use of fixed rates.

In addition, we do not consider that we have any significant exposure to the risk of changes in market interest rates from our bank deposits as a reasonably possible change of 25 basis points in the interest rates would have no material impact on our consolidated statements of comprehensive income during the Track Record Period.

### Market price risk

The market prices for marble stones have a significant effect on our results of operation. The fluctuations in prices may be influenced by factors and events that are beyond our control.

### Credit risk

We have no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents and other receivables included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

Our cash and cash equivalents are mainly deposits with state-owned banks in the PRC. The credit risk of our other financial assets, which comprise other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. We have no other financial assets which carry significant exposure to credit risk.

During the Track Record Period, we had no concentration of credit risk with any single counterparty.

### Foreign currency risk

Our exposure to foreign currency risk relates to our bank deposits denominated in U.S. dollars.

We have not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. Management monitors our foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

The following table demonstrates the sensitivity to a 5.0% change in Renminbi against U.S. dollars. The 5.0% is the rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign currency rate. The sensitivity analyses of our exposure to foreign currency risk at the end of each reporting period have been determined based on the adjustment of translation of the monetary assets at the end of each reporting period for a 5.0% of change in Renminbi against U.S. dollars, with all other variables held constant, of our profit before tax (due to changes in the fair value of cash and cash equivalents denominated in U.S. dollars).

| | Period from 14 March to 31 December 2008 | Year ended 31 December 2009 | Eleven months ended 30 November 2009 | Eleven months ended 30 November 2010 |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Increase/(decrease) in profit before tax: | | | | |
| If RMB weakens against US$ . . . . . . . | — | — | — | 3,390 |
| If RMB strengthens against US$ . . . . . | — | — | — | (3,390) |

### Fair values

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of our financial instruments approximated to their fair values due to the short-term to maturity at each of the statement of financial position dates.

### Capital management

Our objectives for managing capital are to safeguard our ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, our Directors review the capital structure on a regular basis. During the early stages of our mine development, the equity holders of the Company contributed capital based on the needs of these entities. The dividend policy will be established when we start to generate revenues from its activities. Our management will regularly review the capital structure.

The primary objective of our capital management is to ensure that we maintain a strong credit rating and healthy capital ratios in order to support our business and maximize Shareholders' value.

We manage our capital structure and make adjustments in accordance with changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to Shareholders or raise new capital from our investors.

No changes were made in the objectives, policies or processes for managing financial risk during the Track Record Period.

## LOSS ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2010

The following loss estimate is based on the bases set out in "Appendix III — Loss Estimate" to this Prospectus.

| | |
|---|---|
| Estimated consolidated loss attributable to owners of our Company(1) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | HK$25.6 million (RMB22.0 million) |
| Unaudited pro forma estimated loss per Share(2) . . . . . . . . . . . . . . . . . . . | HK$0.013 (RMB0.011) |

*Notes:*

(1) The estimate consolidated loss attributable to owners of the Company for the year ended 31 December 2010 is extracted from "Financial information — Loss Estimate" section in the Prospectus. The bases on which the above loss estimate for the year ended 31 December 2010 had been prepared are summarized in Appendix III to this Prospectus.

(2) The calculation of unaudited pro forma estimate loss per Share is based on the estimate consolidated loss attributable to owners of the Company for the year ended 31 December 2010 of RMB22.0 million and on the assumption that the Company has been listed since 30 November 2010 and a total number of 2,000,000,000 Shares were in issue during the year ended 31 December 2010.

(3) The unaudited pro forma estimate loss per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.8598.

## DIVIDEND POLICY

Following completion of the Global Offering, our Shareholders will be entitled to receive any dividends we declare. The payment and amount of any dividends will be at the discretion of the Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, interests of our Shareholders, taxation conditions, statutory restrictions, and other factors that our Board deems relevant. The payment of any dividends will also be subject to the Companies Law and our constitutional documents, which indicate that payment of dividends out of our Share premium account is possible on the condition that we are able to pay our debts when they fall due in the ordinary course of business at the time the proposed dividends are to be paid.

Our ability to declare future dividends will also depend on the availability of dividends, if any, received from our PRC operating subsidiaries. Pursuant to the PRC laws, dividends may only be paid out of distributable profits, defined as the retained earnings after tax payments as determined under the PRC GAAP less any recovery of accumulated losses and the required allocations to statutory reserves made by our PRC operating subsidiaries. In general, we will not declare dividends in a year where we do not have any distributable earnings.

We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business, primarily through production ramp-up and selective acquisitions. The Board will review the dividend policy on an annual basis. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

## DISTRIBUTABLE RESERVES

As at 30 November 2010, the aggregate amount of reserves available for the distribution to the equity holders of the Company amounted to RMB124.8 million.

## PROPERTY VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as at 31 December 2010. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix IV to this Prospectus.

The table below sets forth the reconciliation between the net book value of our Group's property interests as at 30 November 2010 and the valuation of such property interest as at 31 December 2010:

| | RMB |
|---|---|
| Net book value of property interests as at 30 November 2010[(1)] | 3,892,000 |
| Movements for the period ended from 1 December 2010 to 31 December 2010 | (13,000) |
| Add: Additions during the period from 1 December 2010 to 31 December 2010 | — |
| Less: Depreciation during the period from 1 December 2010 to 31 December 2010 | (13,000) |
| Net book value of property interests as at 31 December 2010 | 3,879,000 |
| Valuation surplus as at 31 December 2010 | 74,000 |
| Valuation as at 31 December 2010 as per Appendix IV to this Prospectus[(2)] | 3,953,000 |

*Notes:*

(1) The net book value of property interests as at 30 November 2010 consists of the value of RMB2,500,000 for buildings and the value of RMB1,392,000 for land use rights.

(2) The aggregate capital value of RMB1,392,000 as at 31 December 2010 plus the value of RMB2,561,000 for reference purpose as stated in page IV-5 of Appendix IV to this Prospectus are in the amount of RMB3,953,000.

## UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of our Company which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 November 2010. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Company had the Global Offering been completed as at 30 November 2010 or any future dates.

| | Consolidated net tangible assets attributable to equity holders of the Company as at 30 November 2010[(1)] | Estimated net proceeds from the Global Offering[(2)] | Unaudited pro forma adjusted net tangible assets | Unaudited pro forma adjusted net tangible assets per Share[(3)] | |
|---|---|---|---|---|---|
| | (RMB '000) | (RMB '000) | (RMB '000) | (RMB '000) | (HK$) |
| Based on Offer Price at HK$2.25 per Share | 100,727 | 913,121 | 1,013,848 | 0.507 | 0.590 |
| Based on Offer Price at HK$3.35 per Share | 100,727 | 1,369,454 | 1,470,181 | 0.735 | 0.855 |

*Notes:*

(1) The consolidated net tangible assets attributable to owners of the Company as at 30 November 2010 is extracted from the Accountants' Report as set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets attributable to owners as at 30 November 2010 of RMB127.4 million with an adjustment for intangible assets of RMB26.6 million as at 30 November 2010.

(2) The estimated net proceeds from the Global Offering are based on an Offer Price of HK$2.25 per Share or HK$3.35 per Share after deduction of the underwriting fees and related expenses payable by the Group. For the purpose of the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into Renminbi was made at the rate of HK$1 to RMB0.85979, the exchange rate prevailing on 30 November 2010.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share are based on 2,000,000,000 Shares expected to be in issue following the completion of the Global Offering.

## DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this Prospectus, we confirm that, as at the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

## DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

As at the date of this Prospectus, our Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of our Company since 30 November 2010, the date of the latest audited financial statements of our Company.

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this Prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 November 2010, and there has been no events since 30 November 2010 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.