

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.**

*This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Accordingly, subject to certain exceptions and to the extent permitted in the Underwriting Agreement (as defined under "Glossary of Defined Terms"), these securities may not be offered or sold in the United States of America, its territories, possessions and other areas subject to its jurisdiction, including the Commonwealth of Puerto Rico (the "United States") or to, or for the account or benefit of, U.S. Persons, as defined in Regulation S under the 1933 Act. See "Plan of Distribution". This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities within the United States.*

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Migao Corporation at 8 King Street East, Suite 1108, Toronto, Ontario, M5C 1B5, telephone (416) 869-1108 and are also available electronically at [www.sedar.com](http://www.sedar.com). For the purposes of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of Migao Corporation at the above-noted address and telephone number and is also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

March 5, 2008



**\$25,000,000**

**3,125,000 Common Shares**

This short form prospectus qualifies the distribution (the "Offering") of 3,125,000 common shares (the "Offered Shares") of Migao Corporation ("Migao" or the "Corporation") at a price of \$8.00 per Offered Share (the "Offering"). The head and registered office of Migao is located at 8 King Street East, Suite 1108, Toronto, Ontario, M5C 1B5.

The common shares of Migao (the "Common Shares") are listed for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "MGO". On February 19, 2008, prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$8.45. The TSX has conditionally approved the listing of the Offered Shares (and the Common Shares issuable upon the exercise of the Over-Allotment Option (as defined below)) qualified by this short form prospectus. Listing is subject to Migao fulfilling all of the listing requirements of the TSX on or before May 23, 2008. The offering price of the Offered Shares was determined by negotiation between Migao and CIBC World Markets Inc., Canaccord Capital Corporation, GMP Securities L.P., Jennings Capital Inc., Clarus Securities Inc. and Research Capital Corporation (collectively, the "Underwriters").

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### Price: \$8.00 per Common Share

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	Price to the Public <sup>(1)</sup>	Underwriters' Fee <sup>(2)</sup>	Net Proceeds to Migao <sup>(3)(4)</sup>
Per Common Share .....	\$8.00	\$0.46	\$7.54
Total .....	\$25,000,000.00	\$1,437,500.00	\$23,562,500.00

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- (1) In certain circumstances, the Underwriters may reduce the selling prices at which the Offered Shares are sold to investors. **Such potential sales are described under "Plan of Distribution"**.
  - (2) In consideration of the services rendered by the Underwriters in connection with the Offering, the Corporation has agreed to pay a fee to the Underwriters equal to 5.75% of the gross proceeds of the Offering (including the gross proceeds realized pursuant to any exercise of the Over-Allotment Option).
  - (3) After deducting the Underwriters' fee but before deducting expenses of the Offering, estimated at \$300,000, which will be paid by Migao from the proceeds of the Offering.
  - (4) Migao has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time and from time to time for a period of 30 days from the date of closing of this Offering, to purchase an additional 468,750 Common Shares on the same terms and conditions as set forth above, solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to Migao from this Offering before expenses will be \$28,750,000, \$1,653,125 and \$27,096,875, respectively. This short form prospectus also qualifies the distribution of the Over-Allotment Option and the Common Shares issuable upon the exercise of the Over-Allotment Option. See "Plan of Distribution".

<u>Underwriter's Position</u>	<u>Maximum Size or Number of Securities Held</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option.....	Option to acquire up to 468,750 Common Shares exercisable in whole or in part	30 days from the closing date of the Offering	\$8.00 per Common Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale if, as and when issued by Migao and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters by Goodmans LLP on behalf of Migao and by Fasken Martineau DuMoulin LLP on behalf of the Underwriters. In connection with this Offering, the Underwriters may engage in transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is anticipated that definitive certificates representing the Offered Shares will be available for delivery at closing of this Offering, which is anticipated to be on March 13, 2008, or such other date as Migao and the Underwriters may agree, but in any event no later than April 16, 2008.

**It is important for an investor or prospective investor to consider the particular risk factors that may affect the Corporation and the Common Shares in which he, she or it is investing. See "Risk Factors" and "Forward-Looking Statements".**

Investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Corporation has not authorized any person to provide different information. The Offered Shares may be sold only in those jurisdictions where offers and sales are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Offered Shares in any jurisdiction where it is unlawful. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares, except in the case of documents incorporated or deemed to be incorporated by reference into the short form prospectus subsequent to the date hereof.

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## GLOSSARY OF DEFINED TERMS

The following capitalized terms used in this prospectus have the meanings set forth below:

“**1933 Act**” means the United States *Securities Act of 1933*, as amended;

“**AIF**” means the annual information form of Migao dated January 14, 2008 for Fiscal 2007;

“**Changchun Migao**” means Migao Chemical (Changchun) Co., Ltd., a WFOE;

“**Closing Date**” means March 13, 2008, or such other date as Migao and the Underwriters may agree, but in any event no later than April 16, 2008;

“**Common Shares**” means the common shares of Migao;

“**dollars**” or “**\$**” means Canadian dollars unless otherwise indicated;

“**Fiscal 2007**” means Migao’s fiscal year which commenced October 1, 2006 and ended September 30, 2007;

“**Guangdong Migao**” means Guangdong Migao Chemical Co., Ltd., a WFOE;

“**HK Migao**” means H.K. Migao Industry Limited, a corporation incorporated under the laws of Hong Kong and wholly-owned by Migao;

“**Liaoning Migao**” means Liaoning Migao Chemical Co., Ltd., a WFOE;

“**Migao**” or the “**Corporation**” means Migao Corporation, a corporation incorporated under the laws of the Province of Ontario;

“**Migao’s 2007 Annual Financial Statements**” means the audited consolidated financial statements of Migao for Fiscal 2007, together with the notes thereto and the auditors’ report thereon;

“**Migao’s 2007 Annual MD&A**” means the management discussion and analysis of the financial condition and results of operations of Migao for Fiscal 2007;

“**Migao’s 2007 Annual Meeting Circular**” means the management information circular of Migao dated January 25, 2007;

“**Migao’s 2008 Annual and Special Meeting Circular**” means the management information circular of Migao dated January 29, 2008;

“**Migao’s 2008 Interim Financial Statements**” means the unaudited interim consolidated financial statements of Migao for the three month period ended December 31, 2007;

“**Migao’s 2008 Interim MD&A**” means the management discussion and analysis of the financial condition and results of operations of Migao for the three month period ended December 31, 2007, together with the notes thereto;

“**Offered Shares**” means the Common Shares offered under this short form prospectus;

“**Offering**” means the offering of the Offered Shares pursuant to this short form prospectus;

“**Over-Allotment Option**” means the option granted by Migao to the Underwriters to acquire up to an additional 468,750 Common Shares, exercisable in whole or in part at any time and from time to time for a period of 30 days from the closing date of the Offering solely to cover over-allotments, if any, and for market stabilization purposes;

“**PRC**” or “**China**” means the People’s Republic of China;

“**RMB**” means the currency of the PRC, being Renminbi;

“**RTO**” means the Corporation’s reverse take-over transaction with HK Migao, which was completed on May 18, 2006;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Shanghai Migao**” means Migao Chemical Industry (Shanghai) Co., Ltd., a WFOE;

“**Shareholder(s)**” means the holder(s) of Common Shares;

“**Sichuan Migao**” means Sichuan Migao Chemical Fertilizer Industry Co., Ltd., a WFOE;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, and the regulations thereunder;

“**Tianjin Migao**” means Migao Chemical (Tianjin) Co., Ltd., a WFOE;

“**tonne**” means a metric ton of 1,000 kilograms;

“**TSX**” means the Toronto Stock Exchange;

“**Underwriters**” means collectively, CIBC World Markets Inc., Canaccord Capital Corporation, GMP Securities L.P., Jennings Capital Inc., Clarus Securities Inc. and Research Capital Corporation;

“**Underwriting Agreement**” means the underwriting agreement dated February 25, 2008 between Migao and the Underwriters;

“**United States**” means the United States of America, its territories, possessions and other areas subject to its jurisdiction, including the Commonwealth of Puerto Rico;

“**Wholly Foreign Owned Enterprise**” or “**WFOE**” means a wholly foreign owned limited liability enterprise pursuant to the laws of the PRC; and

“**Zunyi Migao**” means Migao Chemical (Zunyi) Co., Ltd., a WFOE.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Migao at 8 King Street East, Suite 1108, Toronto, Ontario, M5C 1B5, telephone (416) 869-1108 and are also available electronically through SEDAR at www.sedar.com. For the purposes of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of Migao at the above-noted address and telephone number or by accessing the disclosure documents available through SEDAR at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this short form prospectus or in any other document subsequently filed by the Corporation with the securities regulatory authorities in the provinces of Canada that is also incorporated by reference in this short form prospectus, the following documents filed by the Corporation with the applicable securities regulatory authorities in the provinces of Canada are specifically incorporated by reference herein and form an integral part of this short form prospectus:

- a) the AIF;
- b) Migao's 2008 Annual and Special Meeting Circular;
- c) Migao's 2007 Annual Meeting Circular;
- d) Migao's 2008 Interim Financial Statements;
- e) Migao's 2008 Interim MD&A;
- f) Migao's 2007 Annual Financial Statements;
- g) Migao's 2007 Annual MD&A; and
- h) Migao's material change report dated February 27, 2008 filed in connection with the Offering.

All material change reports (excluding confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditors' report thereon, management discussion and analysis of the financial condition and results of operation in respect of the periods covered by such interim or annual financial statements, annual information forms and management information circulars which are filed by Migao with a securities commission or similar regulatory authority in a province of Canada after the date of this short form prospectus and prior to the completion or termination of this Offering are deemed to be incorporated by reference into this short form prospectus. **The documents incorporated or deemed to be incorporated by reference herein contain meaningful and material information relating to the Corporation and prospective investors in Common Shares should review all information contained in this short form prospectus and the documents incorporated by reference herein before making an investment decision.**

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a statement contained herein, or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact, or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.**

Information contained on the website of the Corporation shall not be deemed to be a part of this short form prospectus or incorporated by reference herein and shall not be relied upon by prospective investors for the purpose of determining whether to invest in the Common Shares qualified for distribution under this short form prospectus.

## FORWARD-LOOKING STATEMENTS

This short form prospectus includes forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the *Securities Act* (Ontario) and other provincial securities laws in Canada. These forward-looking statements include, among others, statements with respect to Migao’s objectives and goals, and strategies to achieve those objectives and goals, as well as statements with respect to Migao’s beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective” and “continue” (or the negative or grammatical variations thereof), and words and expressions of similar meaning, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results, performance or achievements may differ materially from those expressed or implied in such statements. **Investors are cautioned not to place undue reliance on these statements as a number of important factors, many of which are beyond Migao’s control, could cause actual results, performance or achievements to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.** These factors include, but are not limited to: execution of the business plan; dependence on key personnel; key relationships; dependence on key customers; dependence on key suppliers; competition; market factors and volatility of commodity prices; environmental risks and hazards; operating risks; proprietary rights; infrastructure; future capital requirements; technical substitution; exchange rate fluctuation; insurance; foreign operations; weather conditions and natural disasters; control by management; seasonality; dividends; conflicts of interest; state ownership; government sector intervention; foreign investment; repatriation of profit and currency conversion; tax; shareholders’ rights and enforcement of judgements; developing legal system; protection of intellectual property rights; permits and business licenses; appropriation; and availability of land. **Should one or more of these factors materialize, or should the Corporation’s estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements.**

The foregoing list of important factors that may affect Migao’s future results, performance or achievements is not exhaustive. When reviewing the forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, may be found under “Risk Factors” in the AIF and in Migao’s 2007 Annual MD&A and elsewhere in Migao’s filings with Canadian securities regulatory authorities. Migao does not undertake to update any forward-looking statements contained or incorporated by reference in this short form prospectus; such statements speak only as of the date made. **Migao cannot assure investors that actual results, performance and achievements will be consistent with these forward-looking statements, and the differences may be material. The forward-looking statements included in this prospectus are, unless otherwise indicated, made as of the date hereof and are expressly qualified in their entirety by this cautionary language.**

## ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to Migao, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, on the date of this short form prospectus, the Common Shares, if, as and when listed on a designated stock exchange (which currently includes the TSX), would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan or a registered disability savings plan, each as defined in the Tax Act.

## EXCHANGE RATE

The average exchange rate for translating dollars into RMB (based on the rate quoted on the Bank of Canada website) for the three month period ended December 31, 2007 was \$1 to 7.57 RMB. No representation is made that dollars could be converted into RMB at that rate or any other rate.

## MIGAO CORPORATION

The Corporation was incorporated under the laws of the Province of Ontario on December 29, 1997. The registered office of the Corporation is located at 8 King Street East, Suite 1108, Toronto, Ontario, M5C 1B5. Details of the Corporation's corporate history are contained in the AIF, which is incorporated by reference herein. In this short form prospectus, references to "Migao" or the "Corporation" also include the Corporation's subsidiaries as the context requires.

## DESCRIPTION OF THE BUSINESS

The Corporation, through its wholly-owned subsidiaries, operates fertilizer production plants in various strategic locations in the PRC for the production and sale of speciality potash fertilizer, namely potassium nitrate and potassium sulphate, along with their respective co-products, ammonium chloride and hydrochloric acid, to the domestic markets in China. These fertilizers provide China's economic crop growers opportunities for improving crop quality and increasing crop yield in an environmentally responsible manner.

The Corporation's wholly-owned subsidiary HK Migao wholly-owns seven subsidiaries in the PRC engaged in the chemical fertilizer and chemical products business. Four fertilizer facilities are currently in operation. Sichuan Migao operates a production facility in the southwest of China. Guangdong Migao operates a production facility in the Pearl River Delta in southern China. Liaoning Migao operates a production facility in northeastern China. Changchun Migao was established in December 2006 and operates a production facility in Jilin Province in northeastern China. Shanghai Migao was established in September 2006 to operate in the Yangtze River Delta near Shanghai. Tianjin Migao obtained its business license in December 2007 and is located approximately 130 kilometres from Beijing. Zunyi Migao, located in Guizhou Province in southern China, is in the process of being incorporated and obtaining its business license.

China has few potash reserves and all are concentrated in the northwest where transportation costs to the economically developed eastern and southern coastal regions are prohibitive. Because of this shortage, the development of nitrogenous and phosphorous fertilizers in China has been rapid but the development of potash fertilizer has been slow, causing a usage imbalance. Migao is positioned to capitalize on the value added potash fertilizer market in China.

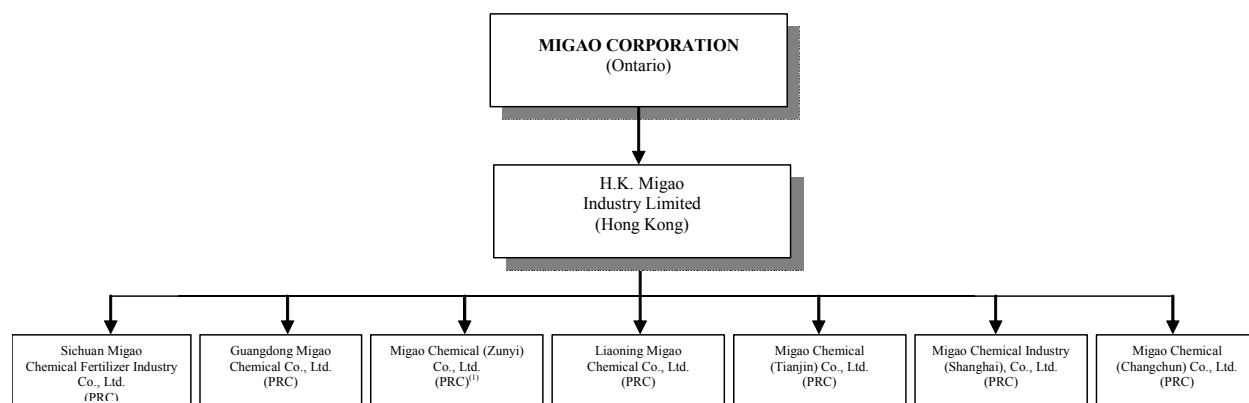
Further details regarding the business of the Corporation and its products and services are contained in the AIF.

### Recent Developments

On February 15, 2008, Migao announced that it had entered into a new potash supply agreement with JSC Silvinit, one of the largest potash fertilizer producers in Russia. The supply agreement secures the supply of Migao's anticipated potash requirements until March 2009. JSC Silvinit has been one of Migao's suppliers of potash since 2003.

## CORPORATE STRUCTURE

The following chart illustrates the corporate structure of the Corporation, its subsidiaries and their jurisdictions of incorporation (all of such subsidiaries are wholly-owned (directly or indirectly) by the Corporation).



(1) In the process of being incorporated.

## USE OF PROCEEDS

The net proceeds to the Corporation from the Offering are estimated to be \$23,562,500 (after deducting the Underwriters' fee of \$1,437,500, but before deducting the expenses of the Offering estimated at \$300,000). In the event the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to Migao from this Offering (before deducting expenses of the Offering estimated at \$300,000) are estimated to be \$28,750,000, \$1,653,125 and \$27,096,875, respectively. The Corporation intends to use the net proceeds of the Offering (after the payment of expenses), together with cash on hand and internally generated cash flows, as follows: (i) approximately \$10 million for the expansion of the Guangdong Migao production facility, to add an additional 60,000 tonnes of potassium sulphate production capacity before the end of calendar 2008; (ii) approximately \$5 million to increase raw material inventories, specifically potassium chloride and sulphuric acid; (iii) approximately \$5 million to expedite construction at the Zunyi Migao and Tianjin Migao production facilities, both of which are currently scheduled to construct 40,000 tonnes of annual potassium sulphate production capacity by the end of calendar 2008, and an additional 40,000 tonnes at each location in 2009; and (iv) the balance for working capital and general corporate purposes. The Corporation intends to use the funds available to it as stated in this short form prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary.

## CONSOLIDATED CAPITALIZATION OF THE CORPORATION

The table below sets out the consolidated capitalization of the Corporation at December 31, 2007, as derived from Migao's 2008 Interim Financial Statements, which are incorporated by reference in this short form prospectus and should be read in conjunction with this prospectus. The *pro forma* amount at December 31, 2007 gives effect to the Offering (assuming the Over-Allotment Option has not been exercised), after deducting the Underwriters' fee but prior to deducting expenses of the Offering.

<b>Designation (Authorized)</b>	<b>At December 31, 2007 before giving effect to the Offering (unaudited)</b>	<b>At December 31, 2007 after giving effect to the Offering (unaudited)</b>
	(000's)	(000's)
<b>Indebtedness:</b>		
Bank Indebtedness	\$4,668 <sup>(1)</sup>	\$4,668 <sup>(1)</sup>
Long-Term Debt	\$Nil	\$Nil
<b>Total Indebtedness</b>	<b>\$4,668</b>	<b>\$4,668</b>
<b>Shareholders' Equity (undiluted):</b>		
Common Shares	\$55,943 <sup>(2)</sup>	\$79,506 <sup>(2)</sup>
Common Shares (Authorized – Unlimited)	37,381 <sup>(2)</sup>	40,506 <sup>(2)</sup>

(1) Bank Indebtedness is RMB 34.5 million expressed in Canadian dollars on the basis of 7.39 RMB per dollar.

(2) Between December 31, 2007 and March 4, 2008, an additional 102,112 Common Shares were issued in connection with the exercise of previously issued warrants and compensation options, and such Common Shares are not included in this number.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, Migao has agreed to sell and the Underwriters have agreed to purchase on the Closing Date, all but not less than all of the 3,125,000 Offered Shares offered hereby at a price of \$8.00 per Offered Share for gross proceeds of \$25,000,000, payable against delivery of a certificate or certificates representing the Offered Shares. Migao has agreed to pay the Underwriters a fee equal to 5.75% of the gross proceeds raised pursuant to this Offering in consideration for their services in connection with the Offering. The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated in certain stated circumstances and upon the occurrence of certain stated events. If an Underwriter fails to purchase the Offered Shares that it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Shares. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. Migao has agreed to indemnify the Underwriters and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

Migao has granted to the Underwriters the Over-Allotment Option, which is exercisable in whole or in part at any time and from time to time for a period of 30 days from the Closing Date, to purchase up to an additional 468,750 Common Shares, being 15% of the Common Shares issued by Migao on the Closing Date, on the same terms and conditions as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. In the event that the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to Migao from this Offering before expenses will be \$28,750,000, \$1,653,125 and \$27,096,875, respectively. This short form prospectus also qualifies the distribution of the Over-Allotment Option and the Common Shares issuable upon the exercise of the Over-Allotment Option.

The price of the Offered Shares was determined by negotiation between Migao and the Underwriters. The Underwriters propose to offer the Offered Shares initially at the Offering price of \$8.00 per Offered Share. After a reasonable effort has been made to sell all Offered Shares at the price specified above, the Underwriters may subsequently reduce the selling prices to investors. If the selling price is reduced, the Underwriters will nonetheless be obligated to pay to the Corporation the Offering price specified above per Offered Share.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

Pursuant to the Underwriting Agreement, Migao has, and Mr. Liu Guocai will by the Closing Date have, agreed not to offer, issue or sell, or authorize the offering or issuance or sale of, agree to offer, issue or sell, or enter into any arrangements to offer, issue or sell or announce any of the foregoing (except pursuant to any stock option plans of the Corporation or the conversion of warrants or convertible securities outstanding on the date of the Underwriting Agreement) any Common Shares or other securities convertible into Common Shares for a period of 90 days following the Closing Date without the prior consent of CIBC World Markets Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld.

This Offering is being made by way of short form prospectus in all of the provinces of Canada. The Offered Shares have not been and will not be registered under the 1933 Act, or any state securities laws, and accordingly may not be offered or sold within the United States or to U.S. persons (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell the Offered Shares in the United States that they have acquired pursuant to the Underwriting Agreement to (i) certain qualified institutional buyers, provided such offers and sales are made in accordance with Rule 144A under the 1933 Act, and (ii) to certain institutional “accredited investors” within the meaning of Rule 501(a) under the 1933 Act. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Shares outside the United States only in accordance with Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act.

The issued and outstanding Common Shares are currently listed for trading on the TSX. The TSX has conditionally approved the listing of the Offered Shares (and the Common Shares issuable upon the exercise of the Over-Allotment Option) qualified by this short form prospectus. Listing is subject to Migao fulfilling all of the listing requirements of the TSX on or before May 23, 2008.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to exemptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. The exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces by Market Regulation Services Inc. relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the bid was not solicited during the period of distribution. Under the first-mentioned exception, in connection with this Offering, the Underwriters may over-allot and/or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

## **DESCRIPTION OF THE COMMON SHARES**

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value. As at March 4, 2008, there were 37,482,630 Common Shares issued and outstanding.

Shareholders are entitled to receive notice of and to attend all meetings of the Shareholders of the Corporation, other than separate meetings of holders of any other class or series of shares, and to one vote in respect of each Common Share held at such meetings. Shareholders are entitled to receive dividends if, as and when declared by the board of directors of the Corporation and to receive pro rata the remaining assets of the Corporation upon its liquidation, dissolution or winding-up, subject to the rights of holders of any other class or series of shares of the Corporation having priority over the Common Shares.

## **RISK FACTORS**

There are certain risks inherent in an investment in the Common Shares and in the activities of Migao which investors should carefully consider before investing in the Common Shares. Reference is made to the documents incorporated by reference herein, and in particular to the section entitled "Risk Factors" in each of the AIF and the Migao 2007 Annual MD&A, for a discussion of the risks relating to the Corporation and risks relating to doing business in China.

### **Risks Related to the Offering**

#### ***Active Liquid Market***

There may not be an active, liquid market for the Common Shares. There is no guarantee that an active trading market for the Common Shares will be maintained on the TSX. Investors may not be able to sell their Common Shares quickly or at the latest market price if trading in Common Shares is not active.

## **PROMOTER**

At the time of the RTO, Mr. Liu Guocai was considered to be a promoter by reason of his initiative in organizing the business and affairs of the Corporation. As at March 4, 2008, Mr. Liu Guocai owns or controls 17,746,612 Common Shares, representing approximately 47.3% of the issued and outstanding Common Shares.

## **INTERESTS OF EXPERTS**

Goodmans LLP is legal counsel to Migao and Fasken Martineau DuMoulin LLP is legal counsel to the Underwriters. As of the date hereof, neither the partners and associates of Goodmans LLP nor the partners and associates of the Toronto office of Fasken Martineau DuMoulin LLP own more than 1% of the issued and outstanding Common Shares.

## **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The auditors of Migao are MSCM LLP (formerly Moore Stephens Cooper Molyneux LLP) located at 701 Evans Avenue, 8th Floor, Toronto, Ontario, M9C 1A3.

The registrar and transfer agent for the Common Shares is Equity Transfer & Trust Company, located at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right generally may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation in certain of the provinces of Canada further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or, in some cases, damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## AUDITORS' CONSENT

We have read the short form prospectus of Migao Corporation (the "**Corporation**") dated March 5, 2008 relating to the issue and sale of common shares of the Corporation. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Corporation on the audited consolidated financial statements of the Corporation for the year ended September 30, 2007. Our report is dated November 9, 2007, except for Note 18 which is as of December 3, 2007.

Toronto, Canada  
March 5, 2008

"MSCM LLP"  
Chartered Accountants  
Licensed Public Accountants

**CERTIFICATE OF THE ISSUER**

Dated: March 5, 2008

This short form prospectus, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Quebec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

**MIGAO CORPORATION**

(Signed) Liu Guocai  
President and Chief Executive Officer

(Signed) Paul W. Zhang  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Michael W. Manley  
Director

(Signed) Paul Haber  
Director

## **CERTIFICATE OF THE PROMOTER**

Dated: March 5, 2008

This short form prospectus, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Quebec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) Liu Guocai

## CERTIFICATE OF THE UNDERWRITERS

Dated: March 5, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference herein, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Quebec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

### **CIBC WORLD MARKETS INC.**

Per: (signed) Warren Gilman

### **CANACCORD CAPITAL CORPORATION**

Per: (signed) Charles Shin

### **GMP SECURITIES L.P.**

Per: (signed) Andrew Kiguel

### **JENNINGS CAPITAL INC.**

Per: (signed) David Donato

### **CLARUS SECURITIES INC.**

Per: (signed) James Lorimer

### **RESEARCH CAPITAL CORPORATION**

Per: (signed) Michael Denny