This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole Prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks associated with investing in the Offer Shares are set out in "Risk Factors" starting from page 35 in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an iron ore mining and processing company based in Hebei Province, the province with the largest steel production and iron ore consumption volumes in China in 2012, according to the AME Report. We currently own and operate four iron ore mines, namely, Gufen Mine, Wang'ergou Mine, Shuanmazhuang Mine and Zhijiazhuang Mine, all of which are located in Laiyuan County, Hebei Province. Our mines are located near convenient road and rail transportation networks, providing easy access to regions in Hebei and Shanxi Provinces where demand for iron ore products is high. According to the CPR, as of June 30, 2013, our mines had approximately 413.6 Mt of total indicated resources and approximately 326.8 Mt of probable reserves, together with approximately 223.7 Mt of inferred resources. Prior to the commencement of trial or commercial production at our mines in early 2013, we focused on slope correction and waste rock stripping at our mines, during which we recovered iron ores and weakly mineralized wall rocks and processed them into iron ore products for sale. Zhijiazhuang Mine commenced commercial production in April 2013, while Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine commenced trial production in May 2013 and commercial production in October 2013.

During the Track Record Period, our products included iron ore concentrates processed at Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine and preliminary concentrates and iron ores processed at and recovered from Zhijiazhuang Mine. We believe that our iron ores have commercially attractive attributes, with a low content of impurities such as sulphur, phosphorus, silicon and titanium. In addition, iron ores recovered from Zhijiazhuang Mine are able to be processed into alkaline concentrates with a high content of MgO, which can function as a blending material to adjust the pH value of the component materials used in iron making so that no or minimal flux would be needed in the process, which prevents the grade decrease of the component materials. As a result, such iron ore concentrates could reduce coke consumption, improve furnace efficiency and lower iron making costs. We believe that these attributes appeal to steel mills and can generally command a pricing premium.

According to the AME Report, China had the highest demand for iron ores in the world in 2012. It had an estimated demand of approximately 1,071.1 Mt of iron ores in 2012, accounting for 57.3% of global demand. While iron ore output decreased in 2012 in Hebei Province due to certain producers ceasing or reducing production as a result of declining selling prices, as the largest steel producing province in China, Hebei Province still consumed an estimated 250.5 Mt of iron ores in 2012, which represented approximately 24.8% of the total iron ore consumption in China. In 2012, approximately 81.5 Mt, or 34.6%, of the total iron ores consumed in Hebei Province were supplied locally.

Leveraging our low cash operating costs, strategic location, experienced and stable management team, commercially attractive attributes of our products and strong growth potential through our expansion of mining and processing capacities, we believe that we are well-positioned to benefit from the significant shortage in domestically produced iron ore products in China, especially in Hebei and Shanxi Provinces.

MINERAL RESOURCES AND RESERVES AT OUR MINES

As of June 30, 2013, the total indicated and inferred resources in our mines were approximately 413.6 Mt at average grades of 14.31% TFe and 7.20% mFe, and approximately 223.7 Mt at average grades of 13.30% TFe and 6.46% mFe, respectively. Our probable reserves as of June 30, 2013 were approximately 326.8 Mt with average grades of 14.95% TFe and 7.88% mFe. We currently adopt open-pit mining at all of our four mines. Based on our existing defined mine sites, we may adopt underground mining at Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine in the future. According to the CPR, our reserves generally have geological conditions and characteristics favorable to low-cost mining and production. The following table sets forth certain information regarding our mines as of the Latest Practicable Date unless otherwise specified.

	Gufen Mine	Wang'ergou Mine	Shuanmazhuang Mine	Zhijiazhuang Mine
Background data:				
Operating subsidiary	Xinxin Mining	Jingyuancheng Mining	Jingyuancheng Mining	Jiheng Mining
Equity interest attributable to us	100%	100%	100%	90%
Current status[1]	Commercial production	Commercial production	Commercial production	Commercial production
Mining rights area (sq.km.)	1.3821	1.5287	2.1871	0.3337
Expiration date of mining permit (month/year)	January 2023	January 2023	January 2023	April 2022
Existing Mining Capacity (Mtpa)[2]	2.2	2.2	3.8	2.2
Planned Mining Capacity (Mtpa)	5.0	5.2	8.8	2.4
Resource data (as of June 30, 2013):				
Indicated resource (Mt)	158.8	76.4	155.3	23.1
Inferred resource (Mt)	101.1	39.3	73.9	9.4
Reserve data (as of June 30, 2013):				
Probable reserves (Mt)	114.9	63.2	128.9	19.8
– Open-pit mining	56.1	45.1	93.2	19.8
– Underground mining	58.8	18.1	35.7	N/A
Average iron grade (TFe)	14.11%	14.10%	14.24%	27.16%
Average iron grade (mFe)	7.43%	6.88%	5.99%	25.93%
Mine life (as of June 30, 2013)[3]	27	29	29	10
Current mining method	Open-pit	Open-pit	Open-pit	Open-pit
Iron ore output (Kt)				
– 2010	1,728	987	559	145
– 2011	1,464	1,167	628	1,350
– 2012	1,172	1,078	581	973
– Six months ended June 30, 2013	1,489	1,500	1,075	1,591

Notes:

(1) Zhijiazhuang Mine has been in commercial production since April 2013. The other three mines have commenced trial production in May 2013 and commenced commercial production in October 2013. See "Business – Relevant Rights and Permits."

(2) As of June 30, 2013.

(3) According to the CPR, Gufen Mine is expected to be suitable for open-pit mining for 13 years, Wang'ergou Mine and Shuanmazhuang Mine are expected to be suitable for open-pit mining for 12 years and Zhijiazhuang Mine is designed for open-pit mining only and expected to be mined for ten years, in each case, from 2013. The mine life is calculated based on the residual reserves at the end of ramp-up period and the mining plan, see Tables 7–14, 7–15 and 7–16 of the CPR attached as Appendix IV to this Prospectus.

SRK is of the view that the description and use of the terms of "high grade" or "low grade" as set out in the CPR are only a relative description comparing the iron ore grades of the four iron ore mines in the region. Generally, iron ore with a TFe grade equal to or greater than 20% is defined as "high grade" iron ore, while those with a TFe grade below 20% is defined as "low grade" iron ore. Accordingly, SRK is of the view that the iron ores from Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine constitute low grade iron ores as their average TFe grade is less than 20%, and those from Zhijiazhuang Mine are high grade iron ores as their average TFe grade is greater than 27%. In addition, based on the processing test results reviewed by SRK, SRK is of the view that iron ore concentrates processed from the iron ores excavated from all of our mines are of good quality. See "Business – Products" starting from page 140 of this Prospectus and Section 8.1.3 of the CPR attached as Appendix IV to this Prospectus.

CONSOLIDATION AND CORRECTION WORK AT OUR MINES

To improve the efficiency of the mining industry, the PRC Government, including the Hebei provincial government, has issued various guidance and policies to promote the integration and consolidation of small-scale iron ore mines. The Hebei provincial government designated us as a consolidation principal in Laiyuan County to consolidate and integrate relevant mining resources within the area, which facilitated our acquisition and consolidation of relevant local small-scale iron ore mines in Laiyuan County that were previously operated by other entities. For details on the relevant mines that we have acquired and consolidated and their prior operators, see "History, Development and Reorganization – Historical Development of Our Mines" starting from page 98 of this Prospectus. In connection with the local government's consolidation plan and as requested by the relevant PRC authorities, during the Track Record Period, we conducted the following work to consolidate and integrate the relevant mines and production facilities under our portfolio:

- To consolidate the relevant small-scale iron ore mines and apply for new mining permits, we conducted feasibility studies on the newly consolidated resources, re-evaluated the reserves, redesigned the mining plan to exploit the resources more efficiently, revamped or disposed of infrastructure construction and rehabilitated and restored the surrounding environment; and

- To mitigate against safety and environmental risks caused by disorderly mining operations conducted by prior operators of the relevant mines, we conducted a series of correction works, including slope correction and waste rock stripping.

Additionally, as a condition to obtaining the mining rights to Zhijiazhuang Mine, Jiheng Mining had been required by the People's Government of Laiyuan County to commit to bearing certain expenses relating to the settlement and re-employment of certain laid-off workers of several financially distressed local state-owned enterprises in Laiyuan County. From 2010 to April 2013, with respect to these laid-off workers, Jiheng Mining paid basic pension insurance, basic medical insurance and living expenses for staff pending for duties totalling RMB26.0 million. Based on a confirmation letter issued by the People's Government of Laiyuan County on May 23, 2013, Jiheng Mining has discharged all these obligations it had committed to in relation to the mining rights to Zhijiazhuang Mine.

As a part of the overall mining industry integration and consolidation initiated by the People's Government of Laiyuan County, the mining permits for our mines were suspended upon their expiration in 2008. After we completed the consolidation work, new mining permits and safety production permits were granted to our four mines. The Hebei Provincial Department of Land and Resources granted new mining permits to Zhijiazhuang Mine in April 2012 and to Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine in January 2013.

During the slope correction and waste rock stripping work described above, which helped correct the slope angles and further opened the mining pit, iron ores along with weakly mineralized wall rocks and waste rocks were inevitably removed. In order to better utilize resources and minimize waste discharge, we processed the iron ores and weakly mineralized wall rocks into iron ore products for sale during the Track Record Period. According to confirmation letters issued by the Hebei Provincial Department of Land and Resources, the Environmental Protection Bureau of Hebei Province and the Hebei Administration of Work Safety, we were authorized to recover, process and sell these iron ore products from such slope correction and waste rock stripping work. Our PRC legal counsel, Commerce & Finance Law Offices, is of the view that the Hebei Provincial Department of Land and Resources (i) is the competent authority for issuing the Mining Permits of our mines and for overseeing our relevant mining activities; and (ii) has the authority to issue the relevant confirmation letters, which will not be challenged by other government authorities. Our PRC legal counsel has also advised us that based on the confirmation letters issued by these competent government authorities, we were entitled to receive and retain the revenue from disposal of the iron ore products we recovered and processed during the course of the consolidation and correction work, and we will not be subject to any retrospective penalty solely for recovering, processing and selling the relevant iron ore products during our consolidation and correction work prior to obtaining relevant new mining permits and safety production permits.

Recognizing that we have successfully completed the consolidation work during the past years, improved the efficiency at our mines, contributed to the fiscal income of Laiyuan County and improved the local employment level, the People's Government of Laiyuan County designated us as a consolidation principal to further integrate mineral resources, such as iron, lead and zinc, in Laiyuan County, according to a confirmation letter issued on May 23, 2013.

OUR COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

We believe that we are able to compete successfully because of, among other things: (i) our low operating costs due to our favorable mine quality and geological conditions, well-designed mining plan and well-equipped processing facilities; (ii) our strategic location in Hebei Province, the province with the largest steel production and iron ore consumption volumes in China, with convenient road and rail transportation networks to transport our products to existing and target customers in China; (iii) an experienced and stable management team; and (iv) the commercially attractive attributes of our iron ore products, such as the low impurity content and high TFe grade of our iron ore concentrates. In particular, the iron ore concentrates from Zhijiazhuang Mine are alkaline concentrates with high content of MgO, which appeals to steel mills that produce high quality steel and generally command higher market prices than acidic iron ore concentrates with the same TFe grade.

To strengthen our market position and increase our market share, we intend to carry out, among other things, the following business strategies: (i) expand our mining and processing capacities to increase the production and sales of iron ore concentrates; (ii) continue to explore supply and cooperation arrangements with steel mills; and (iii) expand our resources and reserves through further exploration of our existing mines and surrounding mineralized zones, as well as pursue proprietary exploration or acquisitions of high quality mines by leveraging our consolidation principal status designated and supported by the relevant governmental authorities.

For further details of our competitive strengths and business strategies, see "Business – Our Competitive Strengths" and "Business – Our Business Strategies" starting from page 111 and page 115 of this Prospectus, respectively.

RISK FACTORS

There are certain risks involved in our operations, many of which are beyond our control and may have a material adverse effect on us. You are cautioned that you should carefully read "Risk Factors" starting from page 35 of this Prospectus.

SALES AND CUSTOMERS

We currently sell all of our iron ore products, including iron ore concentrates, preliminary concentrates and iron ores, in the PRC domestic market and primarily in Hebei Province. During the Track Record Period, iron ore concentrates were primarily sold to steel mills while preliminary concentrates and iron ores were all sold to local processing plants and trading companies.

During the Track Record Period, we sold preliminary concentrates and iron ores processed at and recovered from Zhijiazhuang Mine, as Jiheng Mining did not have wet processing capacity to process iron ores and preliminary concentrates into iron ore concentrates. Since March 2013, Jiheng Mining has utilized Xinxin Mining's wet processing facilities to process a portion of its preliminary concentrates into iron ore concentrates. As a result, apart from iron ores and preliminary concentrates, Jiheng Mining has also been selling iron ore concentrates since April 2013. We also processed iron ores and weakly mineralized wall rocks recovered from Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine into iron ore concentrates for sale during the Track Record Period. In line with our production expansion plan, we plan to steadily increase our mining and processing capacities at all of our mines in order to increase output of iron ore concentrates. As a result, we expect revenue generated from sales of iron ore concentrates to increase both in terms of absolute amount and as a percentage of our total revenue. See "Financial Information – Factors Affecting Results of Operations and Financial Position – Product Mix" and "Financial Information – Cash Operating Costs" starting from pages 190 and 229 of this Prospectus, respectively.

In early 2013, we entered into supply and cooperation agreements with five steel mills for the sale of iron ore concentrates with an aggregate minimum sales volume of 1,150 Kt, which was subsequently reduced to 850 Kt based on our adjusted production plan for 2013. We adjusted our production plan because we did not secure a qualified third-party wet processing plant to outsource the processing of 300 Kt iron ore concentrates as originally planned. See "Business – Sales and Marketing" starting from page 142 of this Prospectus. Three of the five customers renewed such agreements with us for 2014. Together with the supply and cooperation agreement that we entered into with a new customer, the aggregate minimum sales volume of iron ore concentrates under such agreements will increase to 1,400 Kt in 2014. Although there is no certainty that the customers will continue to renew these agreements annually, we currently are not aware of any circumstances that would lead to such agreements not being renewed, as (i) iron ore concentrates produced by our mines are considered to be of good quality; (ii) we have maintained good relationships with our customers; (iii) our mines are conveniently located near transport networks and within close proximity to our existing iron ore concentrate customers; and (iv) despite a challenging global macroeconomic climate, the demand for iron ore products in China, including demand from our primary market in Hebei Province, remains resilient. In addition, as our production volume continues to grow, we will continue to explore and develop new cooperation arrangements with other customers, both within and outside of Hebei Province.

Moreover, we have entered into supply and cooperation agreements with local iron ore processing plants and trading companies for the sales of our iron ores and preliminary concentrates. These agreements are based on a template form similar to that of the supply and cooperation agreements for the sales of our iron ore concentrates, with an aggregated contracted minimum sales volume of 790 Kt to eight customers and 1,050 Kt to 13 customers for the period from June 1, 2013 to December 31, 2013 and the year of 2014, respectively. We currently do not intend to renew such agreements as the sales of iron ores and preliminary concentrates are expected to cease in 2015 after the wet processing capacity of Jiheng Mining is in place.

During the Track Record Period, all or a significant portion of our revenue was generated from the sales of iron ore products to a small number of major customers. Aoyu Steel, a company wholly owned by our Controlling Shareholders until March 2012, was our single largest customer in 2010, 2011 and 2012, contributing 97.6%, 49.6%, 44.6% and 3.8% of our total revenue in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. Our gross profits generated from the sales to Aoyu Steel was RMB167.8 million, RMB160.3 million, RMB40.8 million and RMB10.8 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

The following table sets forth the total sales volume and average selling price of each of our products during the Track Record Period. The average selling price was calculated by dividing the revenue (exclusive of VAT) by the corresponding sales volume.

	2010	2011	2012	1H 2013
Total sales volume (Kt)				
Iron ore concentrates	377	370	372	360
Preliminary concentrates	–	201	366	403
Iron ores	–	1,526	1,019	1,528
Average selling price (RMB/t)				
Iron ore concentrates	966	1,062	847	806
Preliminary concentrates	–	262	195	202
Iron ores	–	214	190	193

PROCUREMENT, SUPPLIERS AND CONTRACTORS

During the Track Record Period, we primarily purchased machinery, equipment, spare parts, diesel fuel, explosives and other ancillary materials from independent third-party suppliers for our mining and processing operations. Our employees are responsible for the majority of our mining and processing operations. We also engage independent third-party contractors with relevant qualifications and permits for certain services in our mining process, including blasting, loading and transportation services. By engaging skilled and experienced external service providers in our mining process, we believe that we are able to improve efficiency and reduce costs.

EXPANSION PLAN AND CAPITAL EXPENDITURE

To capitalize on the continuous demand for iron ore concentrates as China's economy continues to grow, as well as to achieve greater economies of scale, we plan to expand our mining and processing capacities through further stripping engineering, technical renovation and construction of new processing plants following the completion of the consolidation and correction work at our four mines. We will pursue our expansion plan in compliance with our mining permits and expect to complete the relevant expansion work by the end of 2015.

As of June 30, 2013, our total Existing Mining Capacity was 10.4 Mtpa, with a dry processing capacity of 15.5 Mtpa and a wet processing capacity of 3.8 Mtpa. Upon full completion of our ramp-up work by the end of 2015, we expect to have a total mining capacity of 21.4 Mtpa, with a dry processing capacity of 27.6 Mtpa and a wet processing capacity of 7.9 Mtpa. Our annual iron ore concentrate production is expected to reach 2.5 Mtpa by 2016. Our capital expenditures are expected to be RMB251.6 million, RMB390.6 million and RMB348.8 million for the second half of 2013, and the years of 2014 and 2015, respectively. See "Business – Production Expansion Plans" starting from page 134 of this Prospectus.

UNDERGROUND MINING

According to the CPR, as of June 30, 2013, the estimated mine life of Gufen Mine, Wang'ergou Mine and Shuanmazhuang Mine for open-pit mining was approximately 13, 12 and 12 years, respectively. Based on our existing defined mine sites, we may adopt underground mining after the open-pit has been mined out. A development plan utilizing main and auxiliary shaft-ramp development within the mining areas covered by the existing mining permits will be used for underground mining. See Table 7–8 and Table 7–9 of the CPR attached as Appendix IV to this Prospectus for the main development parameters. The construction work for the underground mining will begin three years before the end of open-pit mining and the total investment for underground mining from 2022 to 2025 is estimated to be approximately RMB739.0 million on new underground mining facilities and equipment. See Table 11–4 of the CPR attached as Appendix IV to this Prospectus. The funding is expected to be sourced from the net cash generated from operating activities in the future.

FINANCIAL PERFORMANCE

The brief review of our financial performance during the Track Record Period set forth below should be read in conjunction with our financial information included in the Accountants' Report, including the notes thereto, and "Financial Information" starting from page 189 of this Prospectus. Our summary financial information as of and for the years ended December 31, 2010, 2011, 2012 and the six months ended June 30, 2012 and 2013 set forth in the tables below has been derived from the financial information included in the Accountants' Report attached as Appendix I to this Prospectus.

Summary of Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
			(RMB in millions)		
Revenue	364.6	773.1	581.6	219.3	667.1
Gross profit	166.3	422.0	188.5	48.3	387.3
Profit from operations	120.4	311.1	85.0	0.7	342.4
Profit/(loss) before taxation	117.3	307.3	77.5	(2.2)	334.9
Profit/(loss) and total comprehensive income for the year/period	86.9	222.0	54.8	(3.0)	250.2
Attributable to:					
Equity shareholders of the Company	94.9	162.5	48.5	(4.8)	232.0
Non-controlling interests	(8.0)	59.5	6.3	1.8	18.2

The following table sets forth revenue contribution by product and their percentage of total revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
							(unaudited)			
	(RMB in millions, except percentages)									
Revenue										
Iron ore concentrates	364.2	99.9	393.1	50.8	315.2	54.2	120.2	54.8	290.0	43.5
Preliminary concentrates	–	–	52.6	6.8	71.4	12.3	39.8	18.1	81.3	12.2
Iron ores	–	–	327.1	42.3	193.9	33.3	58.5	26.7	295.5	44.3
Others[1]	0.4	0.1	0.3	0.1	1.1	0.2	0.8	0.4	0.3	*[2]
Total	364.6	100.0	773.1	100.0	581.6	100.0	219.3	100.0	667.1	100.0

Notes:

(1) Mainly include the sales or disposal of scrap steel, consumables and equipment used in the production of iron ore products.

(2) Less than 0.1.

The following table sets forth a breakdown of our gross profit and gross profit margin for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	(RMB in millions, except percentages)				
Gross Profit					
Iron ore concentrates	171.8	164.4	49.5	2.7	123.7
Preliminary concentrates	–	15.3	4.8	5.0	18.3
Iron ores	–	242.0	133.7	40.3	245.0
Others	0.4	0.3	0.5	0.3	0.3
Total	**166.3[1]**	**422.0**	**188.5**	**48.3**	**387.3**
Gross Profit Margin (%)					
Iron ore concentrates	47.2	41.8	15.7	2.2	42.7
Preliminary concentrates	–	29.1	6.7	12.6	22.5
Iron ores	–	74.0	69.0	68.9	82.9
Others	N/M[2]	N/M[2]	N/M[2]	N/M[2]	N/M[2]
Overall	**45.6**	**54.6**	**32.4**	**22.0**	**58.1**

Notes:

(1) Inclusive of an allowance for diminution in value of inventories of RMB5.9 million made in 2010, which represents the write-down of our inventories to the net realizable value in the same year.

(2) "N/M" stands for not meaningful.

The following table sets forth the historical unit cash operating costs of iron ore concentrates of our mining subsidiaries for 2010 to 2012 and the forecasted unit cash operating costs for 2013 to 2017, respectively.

	2010	2011	2012	2013	2014	2015	2016	2017
				(RMB/t)				
Xinxin Mining	520.37	653.42	706.53	435.41	402.16	389.31	437.37(1)	437.37
Jingyuancheng Mining	485.85	691.54	685.85	405.57	345.39	332.93	388.28(1)	388.28
Jiheng Mining	–	–	–	457.49	154.93(2)	155.03	156.24	156.24

Notes:

(1) According to SRK, the unit cash operating costs of Xinxin Mining and Jingyuancheng Mining are forcasted to increase in 2016, primarily due to an increase in forecasted stripping ratios as a result of the expansion of the areas to be mined after the ramp-up period and the specific occurrence of orebodies of these mines.

(2) The iron ore concentrates of Jiheng Mining are expected to be processed primarily from high TFe grade iron ores in 2014, as compared to low TFe grade weakly mineralized wall rocks in 2013. Therefore, the unit cash operating costs in 2014 is expected to decrease substantially.

From 2010 to 2012, we mainly focused on conducting consolidation and correction works in connection with the consolidation of our mines and preparing them for commercial production. The iron ores removed and recovered during these works were low in both volume and TFe grade as compared to those of iron ores produced during our trial or commercial production. In addition, we also used weakly mineralized wall rocks recovered during the course of these works to produce a significant portion of our iron ore concentrates. As a result, the average unit cash operating costs of our iron ores and iron ore concentrates during these periods were high as compared to those during our trial or commercial production. Due to deteriorated market conditions, the average selling prices of all of our iron ore products decreased from 2011 to 2012. Furthermore, the suspension of mining operations caused by the flood in Hebei Province in July 2012 resulted in reductions in both our production and sales volumes of iron ores in 2012. As a result, compared to 2011, our revenue, gross profit and gross profit margin all decreased significantly in 2012. In addition, our gross profit margin in 2012 was also adversely affected by an increase in the prices of our key consumables.

With the on-going technological upgrade and the expected increase in our production volume and the TFe grade of our iron ores, the unit cash operating costs of iron ore concentrates after the commencement of trial or commercial production should decrease substantially as compared with those in 2010, 2011 and 2012. All of our mines commenced trial or commercial production in early 2013, and both the output and sales volume of our iron ore products increased significantly in the first half of 2013. See "Financial Information – Factors Affecting Results of Operations and Financial Position – Production Volume and Sales Volume of Our Iron Ore Products" starting from page 192 of this Prospectus. Meanwhile, with the increase of the TFe grade of iron ores extracted in our mines and the increase of the utilization rates of our processing plants, the unit cost for mining, the unit processing cost and unit off-site administration cost all decreased significantly in the first half of 2013 as compared to those in 2010, 2011 and 2012. Specifically, the unit cash operating costs per tonne of iron ore concentrates of Xinxin Mining and Jingyuancheng Mining decreased to RMB398.0 and RMB436.5 in the first half of 2013, with the forecasted costs for 2013 being RMB435.41 and RMB405.57, respectively, moving towards the level forecasted for 2014. See "Financial Information – Cash Operating Costs" starting from page 229 of this Prospectus. Therefore, while the average selling prices of our iron ore products decreased slightly in the first half of 2013, our gross profit and gross profit margin reached RMB387.3 million and 58.1%, respectively, in the six months ended June 30, 2013, compared to RMB48.3 million and 22.0%, respectively, in the same period of 2012.

Recently, there have been fluctuations in the output and the selling prices of iron ore products in China (including in Heibei Province). See "Industry Overview – Overview of the Iron Ore industry – PRC Iron Ore Industry" starting from page 79 of this Prospectus. We believe that operating at a low cash operating cost is critical to weathering any selling price fluctuations. As a result of our substantially reduced cash operating cost, our profitability improved significantly during the first half of 2013, despite a weak iron ore market in the same period in China. To mitigate against the potential further weakening of the selling prices of our iron ore products, we will continue our ramp-up plan to lower the unit cash operating cost as projected through (i) upgrading our technical capabilities, (ii) improving our economies of scale by expanding our mining and processing capacities and (iii) optimizing management and operation. In addition, we plan to, without undermining our liquidity, offer competitive credit terms to attract more state-owned steel mill customers who are generally more willing to pay higher prices. In the long term, we also plan to further improve the economies of scale by acquiring high quality mines. Given that Hebei Province consumed an estimated amount of 250.5 Mt of iron ores, or approximately 24.8% of the total iron ore consumption in China, in 2012, and only approximately 34.6% of that amount was supplied locally, we expect to continue generating a significant demand for our products from customers in Hebei Province. Coupled with our growing production scale and low unit cash operating costs of our products, we believe that we are well-positioned to withstand these and other market fluctuations and have a solid basis for future growth.

Summary of Consolidated Balance Sheets

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB in millions)			
Current assets[(1)]	224.3	202.3	222.6	249.5
Current liabilities	(248.6)	(445.0)	(747.6)	(572.0)
Net current liabilities	(24.3)	(242.7)	(525.0)	(322.5)
Non-current assets	227.5	476.9	823.6	1,133.7
Non-current liabilities	(42.5)	(44.7)	(134.3)	(396.6)
Net assets	160.7	189.5	164.3	414.6
Total equity attributable to equity shareholders of the Company	143.6	131.8	138.7	370.7

Note:

(1) Included RMB9.9 million, RMB57.7 million, RMB116.9 million and RMB71.3 million in weakly mineralized wall rocks as of December 31, 2010, 2011, 2012 and June 30, 2013, respectively. Due to the increased output of weakly mineralized wall rocks and lack of dry processing capacity, the weakly mineralized wall rocks in the inventories increased from 2010 to 2012. However, along with the increase of our dry processing capacity, the inventory level of weakly mineralized wall rocks as of June 30, 2013 decreased compared with that as of December 31, 2012.

From 2010 to 2012, we mainly focused on the consolidation and correction work and heavily invested in, among other things, acquiring mining rights and land use rights, as well as building dry and wet processing facilities. As a result, our non-current assets continued to increase and reached RMB823.6 million as of December 31, 2012, which were mainly financed by the amounts due to related parties, that were, our Controlling Shareholders, which were accounted for as current liabilities. This partially contributed to our net current liabilities positions as of December 31, 2010, 2011 and 2012. Since the commencement of trial or commercial production at our mines in early 2013, our operating cash generation capability has significantly improved and, as such, we settled a portion of the amounts due to related parties with cash generated from operating activities during the first half of 2013, which contributed to the decrease of our net current liabilities to RMB322.5 million as of June 30, 2013. We fully repaid the remaining amounts due to related parties and expect to have a net current asset position by the end of 2013.

Summary of Consolidated Cash Flow Statements

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
			(RMB in millions)		
Net cash generated from operating activities	35.0	538.4	277.3	197.5	124.5
Net cash used in investing activities	(111.6)	(276.6)	(216.4)	(130.3)	(181.5)
Net cash generated from/(used in) financing activities	97.8	(243.6)	(80.0)	(80.0)	101.4
Net increase/(decrease) in cash and cash equivalents	21.2	18.2	(19.1)	(12.8)	44.4
Cash and cash equivalents at beginning of year/period	2.4	23.6	41.8	41.8	22.7
Effect of foreign exchange rate changes	–	*	–	–	–
Cash and cash equivalents at the end of year/period	23.6	41.8	22.7	29.0	67.1

* Less than 0.1.

Summary of Key Financial Ratios

The following table sets forth our key financial ratios for the periods or as of the dates indicated.

	Year ended/As of December 31,			Six months ended/ As of June 30,
	2010	2011	2012	2013
Return on equity[(1)]	66.1%	123.3%	34.9%	62.6%
Return on total assets[(1)]	19.2%	32.7%	5.2%	18.1%
Current ratio[(1)]	90.2%	45.5%	29.8%	43.6%
Quick ratio[(1)]	75.7%	21.6%	8.4%	22.3%

Note:

(1) See "Financial Information – Key Financial Ratios" for the methodology for the calculation of these ratios.

Sensitivity Analysis

For a sensitivity analysis of our revenue to the average selling prices of our iron ore products and that of our gross profit to the average cost of sales of our iron ore products, see "Financial Information – Factors Affecting Results of Operations and Financial Position – Selling Prices" and "Financial Information – Factors Affecting Results of Operations and Financial Position – Operating Costs" starting from page 190 and page 193 of this Prospectus, respectively.

RECENT DEVELOPMENTS

For the three months ended September 30, 2013, the production volume of our iron ores, preliminary concentrates and iron ore concentrates was 2,197 Kt, 989 Kt and 253 Kt, respectively. The sales volume of our iron ores, preliminary concentrates and iron ore concentrates was 261 Kt, 75 Kt and 269 Kt, respectively, generating total revenue of RMB298.7 million and gross profit of RMB147.3 million for the same period. The unit cash operating costs per tonne of iron ore concentrates at Xinxin Mining, Jingyuancheng Mining and Jiheng Mining were RMB491.2, RMB403.3 and RMB491.6, respectively, in the same period. Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since June 30, 2013, the date of our latest audited financial results as set out in the Accountants' Report attached as Appendix I to this Prospectus.

OFFERING STATISTICS

	Based on an Offer Price of HK$3.10 per Share	Based on an Offer Price of HK$3.40 per Share
Market capitalization of our Shares(1)	HK$4,650.0 million	HK$5,100.0 million
Unaudited pro forma adjusted net tangible asset value per Share(2).	HK$0.68 (RMB0.54)	HK$0.76 (RMB0.60)

Notes:

(1) The calculation of the market capitalization is based on the respective Offer Prices of HK$3.10 and HK$3.40 per Share and 1,500,000,000 Shares expected to be in issue immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in "Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets/(Liabilities)" and on the basis of 1,500,000,000 Shares expected to be issued and outstanding immediately following the Global Offering and assuming that the Over-allotment Option is not exercised.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering, are estimated to be approximately HK$1,129.0 million, assuming no exercise of the Over-allotment Option and an Offer Price of HK$3.25 per Share, being the mid-point of the estimated Offer Price range. We intend to use these net proceeds for the following purposes: (i) approximately 70% of net proceeds (approximately HK$790.3 million) will be used to finance our expansion plan; (ii) approximately 20% of net proceeds (approximately HK$225.8 million) will be used for repaying our bank loans from the China Construction Bank Corporation Rongcheng Sub-branch in the aggregate amount of RMB200.0 million; and (iii) approximately 10% of net proceeds (approximately HK$112.9 million) will be used for working capital and general corporate purposes.

If the Offer Price is finally determined to be lower or higher than HK$3.25 per Share, being the mid-point of the estimated Offer Price, and/or the Over-allotment Option is exercised, the net proceeds from the Global Offering may decrease or increase, compared with the amount set forth above. In such cases, we will reduce or increase the allocation of the net proceeds to the above purposes on a pro-rata basis.

LISTING EXPENSES

The total amount of listing expenses and commissions, together with the SFC transaction levy and Hong Kong Stock Exchange trading fee that will be borne by us in connection with the Global Offering, is estimated to be approximately RMB71.0 million (based on the mid-point of our indicative price range for the Global Offering), of which approximately RMB49.6 million is expected to be capitalized after the Listing. See “Financial Information – Listing Expenses” on page 237 of this Prospectus.