
CORPORATE STRUCTURE AND HISTORY

HISTORY AND DEVELOPMENT

Prior to the establishment of our Company on 13 March 2008, our business was operated by Lita. Lita was incorporated in the BVI on 16 February 2004 with Mossack Fonseca & Co. (B.V.I.) Ltd, a trust company in the BVI, as the initial subscriber. Mossack Fonseca & Co. (B.V.I.) Ltd is a related company of Mossack Fonseca & Co. Mossack Fonseca & Co. is a Panamanian law firm established since 1977 which is active, *inter alia*, in the field of company formation and administration in the Bahamas, British Anguilla, the BVI, the Republic of Panama, Seychelles (Indian Ocean) and Samoa (South Pacific). In the Bahamas, the BVI, Seychelles and Samoa they act solely as company formation agents and provide related services. Mossack Fonseca & Co. (B.V.I.) Ltd was the initial subscriber for shares in Lita when Lita was incorporated on 16 February 2004. On 10 March 2004, Ms Hong Lijun became the sole shareholder of Lita and held one share in total. Ms Hong is the wife of one of Mr Wu's sons. On 28 October 2005, Ms Hong transferred her one share in Lita to Mr Wu for nominal consideration of US\$1.00. On 11 April 2008, Mr Wu transferred his one share in Lita to our Company. Our Company is currently the sole shareholder of Lita.

Ms Hong was appointed as the first director of Lita on 10 March 2004. She resigned on 28 October 2005 and Mr Wu was appointed as director of Lita on the same day. Mr Wu is currently the sole director of Lita.

Fubon Industrial was established on 23 June 2006 and was owned as to 10% and 90% by Huizhou Liyin and Ankson Limited, respectively. Huizhou Liyin is a company controlled by an independent third party. Mr Wu acquired the entire interest in Ankson Limited on 23 April 2007 and consequently became the controlling shareholder of Fubon Industrial. On 2 August 2007 and as part of the Reorganization, Ankson Limited transferred its entire 90% equity interest in Fubon Industrial to Lita. On 27 August 2007, Lita acquired from Huizhou Liyin an additional 5% equity interest in Fubon Industrial. Fubon Industrial then became a 95% directly owned subsidiary of Lita. On 21 August 2008, as a result of the capitalization of Fubon Industrial in connection with the issue of Exchangeable Bonds by Lead Honest, Lita's and Huizhou Liyin's equity interests in Fubon Industrial became 97.14% and 2.86%, respectively. For more information on the Exchangeable Bonds, please refer to the section headed "Exchangeable Bonds" in this prospectus.

On 21 October 2007 and as part of the Reorganization, Fubon Industrial acquired from Huizhou Ankson Communication Technology Co. Ltd. (惠州安臣通訊科技有限公司), a company controlled by Mr Wu, the entire equity interest in Chifeng Fuqiao. Chifeng Fuqiao then became a wholly-owned subsidiary of Fubon Industrial.

On 25 May 2007, Chifeng Fubon Copper, a company controlled by Mr Wu, acquired from independent third parties an aggregate of 90% equity interest in Shirengou Mining at a consideration of RMB65.34 million. On 9 July 2007, Chifeng Fubon Copper further acquired the remaining 10% equity interest in Shirengou Mining from one of such independent third parties at a consideration of RMB7.26 million. The aggregate consideration of RMB72.6 million (including RMB68.0 million for the acquisition of the mining rights) was determined with reference to a valuation report dated 3 May 2007 prepared by an independent valuer (jointly appointed by the transferor and the transferee) on the value of the tangible assets and intangible assets of Shirengou Mining. The aggregate consideration for the acquisition of the entire interest in Shirengou Mining, and in turn Shirengou Gold Mine, was made at a discount of 0.17% (approximately RMB123,800) to the valuation amount.

CORPORATE STRUCTURE AND HISTORY

On 23 August 2007 and as part of the Reorganization, Chifeng Fuqiao acquired the entire equity interest in Shirengou Mining from Chifeng Fubon Copper. Shirengou Mining then became a wholly-owned subsidiary of Chifeng Fuqiao.

On 20 May 2007, Chifeng Fubon Copper acquired from an independent third party the assets in Nantaizi Gold Mine at a consideration of RMB93.5 million. The consideration of RMB93.5 million (including RMB83.0 million for the acquisition of the mining rights) was determined with reference to a valuation report dated 3 May 2007 prepared by an independent valuer (jointly appointed by the transferor and the transferee) on the value of the tangible assets and intangible assets of Nantaizi Gold Mine. The aggregate consideration for the acquisition of the entire interest in Nantaizi Gold Mine was made at a discount of 0.34% (approximately RMB321,100) to the valuation amount.

Nantaizi Mining was established by Chifeng Fubon Copper on 11 July 2007, and on the same day, Chifeng Fubon Copper transferred all the assets in Nantaizi Gold Mine to Nantaizi Mining. On 23 August 2007 and as part of the Reorganization, Chifeng Fubon Copper transferred its entire equity interest in Nantaizi Mining to Chifeng Fuqiao. Nantaizi Mining then became a wholly-owned subsidiary of Chifeng Fuqiao.

On 30 October 2006, Wanhua, a company controlled by Mr Wu, acquired from independent third parties the entire equity interest in Luotuochang Mining at a consideration of RMB46 million. The aggregate consideration of RMB46 million (including RMB44.5 million for the acquisition of the exploration rights) was determined with reference to a valuation report dated 3 October 2006 prepared by an independent valuer (jointly appointed by the transferor and the transferee) on the value of the tangible assets and intangible assets of Luotuochang Mining. The aggregate consideration for the acquisition of the entire interest in Luotuochang Mining, and in turn Luotuochang Gold Mine, was made at a discount of 0.39% (approximately RMB178,000) to the valuation amount.

As part of the Reorganization, Wanhua transferred its entire equity interest in Luotuochang Mining to Chifeng Fubon Copper on 13 July 2007. Subsequently, Chifeng Fubon Copper transferred its entire equity interest in Luotuochang Mining to Chifeng Fuqiao on 23 August 2007. Luotuochang Mining then became a wholly-owned subsidiary of Chifeng Fuqiao.

On 13 March 2008, our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law. Our Company holds the entire issued share capital in Lita.

All of the existing mining projects are and any future mining projects will be held by the Mining Companies. Our Company holds a 97.14% equity interest in each of the Mining Companies.

On 9 April 2008, Rich Vision was incorporated in Hong Kong. Lita holds the entire issued share capital in Rich Vision. Since incorporation, Rich Vision has not carried on any business, other than the transactions related to the Reorganization and Pre-IPO Investment.

King & Wood, our PRC legal adviser, has confirmed that all the necessary approvals were obtained with respect to the capital increase of Fubon Industrial.

On 8 August 2006, the Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Regulations”) was promulgated and became effective on 8 September 2006. The M&A Regulations clearly require that an offshore special purpose vehicle formed for listing purposes and controlled directly or indirectly by PRC companies or individuals (“SPV”) using its shares to acquire an equity interest in a PRC company (i.e.,

CORPORATE STRUCTURE AND HISTORY

through a share swap) shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange. However, given the facts that: (i) Ankson Limited was established in 2002, Lita was established in 2004, and the capital with respect to the establishment of Ankson Limited and Lita was acquired duly abroad by the actual controller; (ii) Fubon Industrial, a foreign invested enterprise, was established on 23 June 2006; (iii) we acquired the equity interest in the domestic operating companies, including Shirengou Mining, Nantaizi Mining and Luotuochang Mining, from independent third parties; (iv) we acquired the equity interest in the domestic operating companies, including Shirengou Mining, Nantaizi Mining and Luotuochang Mining, using cash; (v) the M&A Regulations do not clearly provide whether an SPV using cash to acquire an equity interest in a PRC company needs to obtain approval from the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange; and (vi) the M&A Regulations do not clearly provide whether a SPV, established before 8 September 2006 and having domestic equity and interests, needs to obtain approval from the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange. As advised by our and the Underwriters' legal advisers as to PRC laws, King & Wood and Jun He Law Offices, respectively, the M&A Regulations do not apply to the transactions undertaken by us as disclosed above since such transactions are not expressly included in the M&A Regulations and it is not necessary for us to obtain approval from the CSRC prior to the listing and trading our securities on the Stock Exchange.

History of our Gold Mines

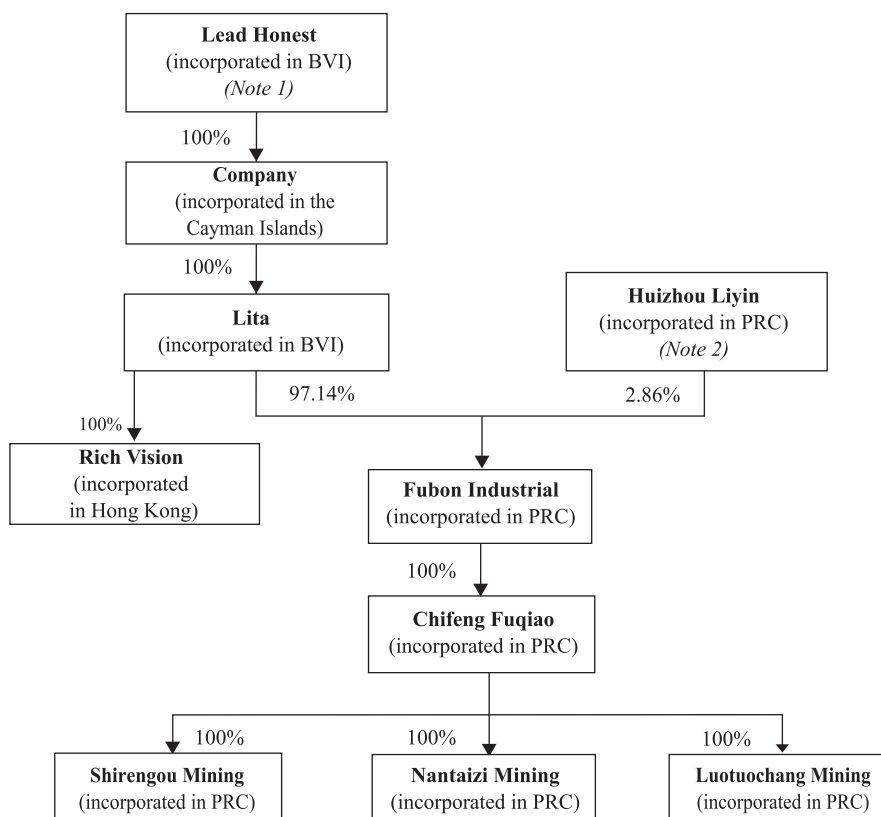
Gold mining activities first occurred in the Chifeng Municipality during the late Qing Dynasty with relatively larger scale gold mining activities concentrated in areas near Honghuagou Town in Songshan District (松山區紅花溝) and Jinchanggouliang in Aohan Banner (敖漢旗金廠溝梁). There were only sporadic signs of mining activities in the regions where the Shirengou-Nantaizi Mining Complex and Luotuochang Gold Mine now locate. In the 1980s, as a result of the opening up of the gold mining industry in the PRC, there was a surge in exploration and mining activities. During that period of time, the PRC gold market was still closely managed by the PRC government's centralized purchase and allocation system, and as a result the PRC gold price was relatively low. Low PRC gold price, together with outdated mining technologies, meant that local people were only able to mine the higher grade ore located just under the oxidative surface while the underground ore remained largely untouched. Both the Shirengou Gold Mine and Nantaizi Gold Mine (including their predecessors) were established in 2001. Production was limited to approximately 3,000 to 5,000 tpa as the Shirengou Gold Mine only had a 50 tpd ore processing facility. According to the Independent Technical Expert's Report, as at 30 November 2008, the reserves at the Shirengou-Nantaizi Mining Complex were estimated to be sufficient for production at our anticipated 2011 production level of 450 ktpa for approximately 14.2 years.

Regarding the Luotuochang Gold Mine, as the mineral grading of ore in the area is relatively low and contains impurities such as copper, local people were unable to exploit the mineral resources in the area until the establishment of the Luotuochang Gold Mine. According to the Independent Technical Expert's Report, as at 30 November 2008, the reserves at the Luotuochang Gold Mine were estimated to be sufficient for production at our anticipated 2011 production level of 330 ktpa for approximately 24.9 years.

CORPORATE STRUCTURE AND HISTORY

CORPORATE STRUCTURE

The diagram below sets out our corporate structure immediately before the Global Offering:



Notes:

1. The entire share capital of Lead Honest is held by a company incorporated in the Bahamas, Tercel Holdings Limited, whose entire share capital is in turn held by the Trustee as the trustee of the Wu Family Trust. The Wu Family Trust is a discretionary trust established by Mr Wu as settlor and the Trustee as trustee on 22 May 2008. The beneficiaries of the Wu Family Trust include family members of Mr Wu. Mr Wu is deemed to be interested in the 495,000,000 Shares held by Lead Honest immediately upon completion of the Global Offering and Capitalization Issue pursuant to Part XV of the SFO.
2. Huizhou Liyin was established on 11 May 2001 with a registered capital of RMB500,000 with four shareholders, namely Mr Wu Zhizhong, Mr Wu Qiaoyuan, Mr Wu Siliu and Mr Zhang Lin, who owned 60%, 22.2%, 16.7% and 1.1% of the equity interests in Huizhou Liyin respectively. Mr Wu Zhizhong was appointed as chairman of Huizhou Liyin.

On 17 August 2002, Mr Wu Zhizhong and Mr Wu Siliu sold their respective equity interests in Huizhou Liyin to Mr Wu Qiaoyuan and Mr Zhang Lin and Ms Wang Yihong. The registered capital of Huizhou Liyin was also increased to RMB1,250,000. Mr Wu Qiaoyuan, Mr Zhang Lin and Ms Wang Yihong owned 79%, 13% and 8% of the equity interests in Huizhou Liyin, respectively, and there has been no change to its shareholdings since then. Mr Wu Zhizhong resigned as director of Huizhou Liyin after ceasing to be a shareholder of Huizhou Liyin. Mr Wu Qiaoyuan was appointed to replace Mr Wu Zhizhong as director of Huizhou Liyin.

CORPORATE STRUCTURE AND HISTORY

On 29 September 2004, Mr Wu Qiaoyuan resigned and Ms Li Qing was appointed as director of Huizhou Liyin. Subsequently, on 10 March 2008, Ms Li Qing resigned and Ms Luo Lihong was appointed as director of Huizhou Liyin. There has been no change to its directorship since then.

Save and except for Mr Wu Zhizhong (Mr Wu's son) who ceased to be director and shareholder of Huizhou Liyin on 17 August 2002, and Ms Li Qing (Mr Wu's wife) who ceased to be director of Huizhou Liyin on 10 March 2008, none of the past and existing shareholders and directors of Huizhou Liyin is related to our Directors, members of senior management or shareholders of our Group.

Huizhou Liyin engages primarily in the business of manufacture of communication materials and products and sales of such materials and products. On 23 June 2006, Huizhou Liyin established Fubon Industrial, with Lita. Huizhou Liyin currently holds 2.86% of the equity interests in Fubon Industrial.

As at the date of this prospectus, the shareholders of (and their percentage interest in) Huizhou Liyin, are as follows:

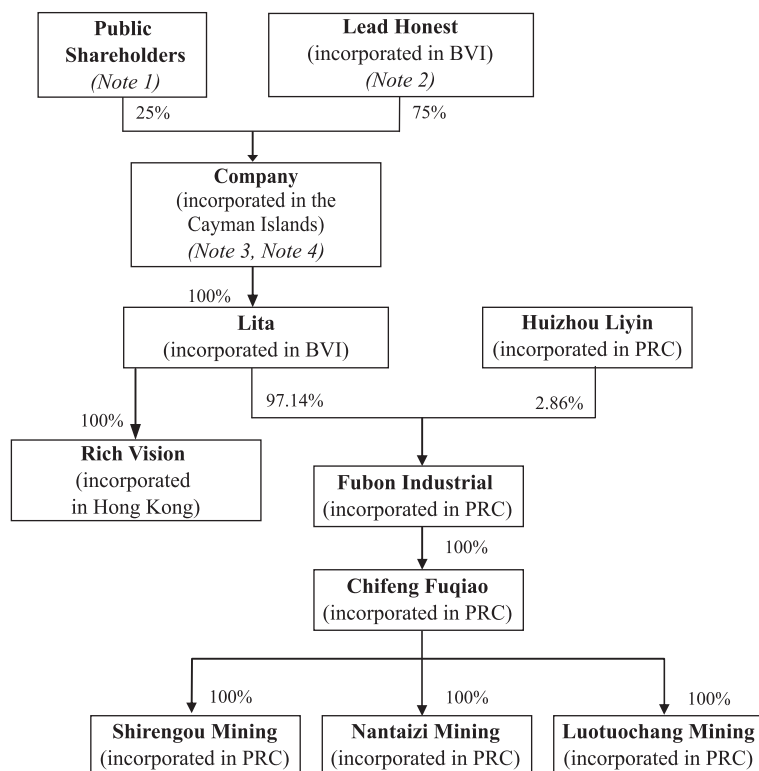
- (a) Mr Wu Qiaoyuan (79%): Mr Wu Qiaoyuan is currently engaged in the business of manufacture of communication materials and products and sales of such materials and products.
- (b) Ms Wang Yihong (13%): Ms Wang is the wife of Mr Wu Qiaoyuan and is currently engaged in the business of manufacture of communication materials and products and sales of such materials and products.
- (c) Mr Zhang Lin (8%): Mr Zhang is currently engaged in the business of manufacture of communication materials and products and sales of such materials and products.

Each of Mr Wu Qiaoyuan, Ms Wang Yihong and Mr Zhang Lin is not related to our Directors, members of senior management or shareholders of our Company and our subsidiaries.

At the time of acquiring 95% of the equity interests in Fubon Industrial in August 2007 and the capitalization of Fubon Industrial in August 2008, we did not consider approaching Huizhou Liyin to acquire the remaining equity interests in Fubon Industrial. On 21 August 2008, pursuant to a capital contribution to Fubon Industrial, Lita increased its percentage of equity interests in Fubon Industrial to 97.14%. Our Directors do not consider the remaining 2.86% to be material as we have already acquired majority control over Fubon Industrial. We have no intention of approaching Huizhou Liyin to acquire the remaining 2.86%. With regard to any future acquisitions, our strategy is focused on acquiring additional high-quality gold mines, not on acquiring the remaining 2.86% of equity interests in Fubon Industrial.

CORPORATE STRUCTURE AND HISTORY

The following chart sets out our corporate structure immediately following the completion of the Global Offering and Capitalization Issue (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares that may be granted under the Share Option Scheme):



Notes:

1. The Global Offering consists of (subject to adjustment and the Over-allotment Option) the Hong Kong Public Offering of 16,500,000 new Shares and the International Offering of 148,500,000 Shares (comprising 87,700,000 new Shares to be offered by our Company and 60,800,000 Sale Shares to be offered by the Selling Shareholder).
2. The entire issued share capital of Lead Honest is held by a company incorporated in the Bahamas, Tercel Holdings Limited, whose entire issued share capital is in turn held by the Trustee as the trustee of the Wu Family Trust. The Wu Family Trust is a discretionary trust established by Mr Wu as settlor and the Trustee as trustee on 22 May 2008. The beneficiaries of the Wu Family Trust include family members of Mr Wu. Mr Wu is deemed to be interested in the 495,000,000 Shares held by Lead Honest immediately upon completion of the Global Offering and Capitalization Issue pursuant to Part XV of the SFO.
3. Since the Bondholders are not entitled to any Shares until the exchange of the Exchangeable Bonds which will not occur until after expiration of the lock-up period of six months after the Listing Date, and there have not been any other Share transfers, the shareholding immediately following the Global Offering should be Lead Honest holding 75% of Shares and the public holding 25% of Shares (assuming a 25% offering).
4. The Bondholders are not entitled to any Shares at the Listing Date, as the Exchangeable Bonds will only be exchanged after expiration of the lock-up period of six months after the Listing Date. At least 50% of the Exchangeable Bonds will be settled at Listing, the remaining amount of principal outstanding in respect of the Exchangeable Bonds (plus interest) will be eligible for exchange into Shares held by Lead Honest. Assuming

CORPORATE STRUCTURE AND HISTORY

that the Bondholders exchange the Exchangeable Bonds (excluding applicable interest) at the first instance after the six-month lock-up period, they will be entitled to approximately 6.19% and 1.60% of the total Shares outstanding at the lower-end of the Offer Price range of HK\$4.35 per Offer Share and at the higher-end of the Offer Price range of HK\$6.25 per Offer Share, respectively. For more information on the Exchangeable Bonds, please refer to the section headed “Exchangeable Bonds” in this prospectus.

Shareholdings in our subsidiaries and associated companies

Set out below is a table providing further information on shareholdings in all our subsidiaries and associated companies.

| <u>Name</u> | <u>Date of incorporation (place of incorporation)</u> | <u>Principal business</u> | <u>Equity interests</u> |
|--|---|---|---|
| Company | 13 March 2008 (Cayman Islands) | Ultimate holding company | Lita (100%) |
| Lita | 16 February 2004 (BVI) | Holding company | Fubon Industrial (97.14%) |
| Rich Vision ⁽¹⁾ | 9 April 2008 (Hong Kong) | — | — |
| Huizhou Liyin ⁽²⁾ | 11 May 2001 (PRC) | Research and development, manufacturing and sale of electrical appliances | Fubon Industrial (2.86%) |
| Fubon Industrial | 23 June 2006 (PRC) | Sino-foreign joint-venture investment holding company | Chifeng Fuqiao (100%) |
| Chifeng Fuqiao | 21 August 2007 (PRC) | Main operating company for our Gold Mines | Shirengou Mining (100%) Nantaizi Mining (100%) Luotuochang Mining (100%) |

Notes:

⁽¹⁾ Rich Vision is non-operating.

⁽²⁾ An independent third party.

CORPORATE STRUCTURE AND HISTORY

| <u>Name</u> | <u>Date of incorporation (place of incorporation)</u> | <u>Principal business</u> | <u>Equity interests</u> |
|------------------------------|---|--|-------------------------|
| Shirengou Mining | 10 November 2004 (PRC) | Exploration, mining and processing of precious metals and sale of concentrates at the Shirengou Gold Mine | — |
| Nantaizi Mining | 11 July 2007 (PRC) | Exploration, mining and processing of precious metals at the Nantaizi Gold Mine | — |
| Luotuochang Mining | 1 July 2005 (PRC) | Exploration, mining and processing of precious metals at the Luotuochang Gold Mine | — |

Exchangeable Bonds

On 25 July 2008, Lead Honest, our Company, Lita, Rich Vision, Mr Wu and the Bondholders entered into the Subscription Agreement pursuant to which the Bondholders agreed to purchase, and Lead Honest agreed to issue, secured exchangeable bonds in the amount of US\$50.0 million. The Exchangeable Bonds were issued by Lead Honest on 30 July 2008. For further information, please refer to the section headed “Exchangeable Bonds” in this prospectus.