Our operations involve certain risks, many of which are beyond our control. These risks fall into the following categories: (i) risks relating to our business and industry; (ii) risks relating to conducting our operations in the PRC; (iii) risks relating to our Shares; and (iv) risks relating to statements in this document. Additional risks and uncertainties that are presently unknown to us, or that are currently deemed to be immaterial by us, may also have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business depends on the economic growth of the PRC, the performance of the PRC iron and steel industries and the growth of the PRC titanium and titanium-related industries.

Our business and prospects depend on the economic growth rate in the PRC which, in turn, affects demand for iron and steel as well as for titanium and its related products. If the PRC's economic growth rate slows or if the PRC economy experiences a recession, the demand for our products may decrease and our business, financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, we derived the majority of our revenue from the sale of iron concentrates and iron pellets. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue generated from the sale of our iron concentrates and iron pellets in aggregate accounted for approximately 89.6%, 96.9%, 94.5% and 98.7% of our total revenue, respectively. Growth in demand for these products is fueled largely by the growth of the PRC iron and steel industries. The demand for our iron concentrates and iron pellets is, in particular, heavily dependent on the performance of major steel producers in the mid-south and southwest regions of the PRC.

Beginning in August 2008, concerns over the availability and cost of credit, inflation, declining business and consumer confidence and increased unemployment worldwide, among other factors, contributed to diminished expectations for the global economy and heightened volatility in international equity markets. These factors combined with continuing disruptions in global markets precipitated a global economic slowdown. As a result, the prices of our products fluctuated in 2008, with the monthly average selling prices per tonne of our iron concentrates and iron pellets reaching highs of RMB764.5 in June 2008 and RMB954.5 in July 2008, respectively, and lows of RMB457.3 and RMB651.0, respectively, in November 2008. The average selling prices of our iron concentrates and iron pellets have shown signs of stabilization beginning in February 2009, with the monthly average selling prices per tonne of our iron concentrates and iron pellets reaching highs of RMB582.3 and RMB826.5, respectively, in June 2009 and lows of RMB468.6 in February 2009 and RMB675.7 respectively, in March 2009. When compared with the average selling prices of our products in June 2008, the June 2009 average selling prices of iron concentrates and iron pellet show a decrease of approximately 23.8% and 11.7%, respectively.

The table below shows the monthly average selling prices per tonne of our iron concentrates and iron pellets, respectively, from June 2008 to June 2009:

	Average selling price per tonne (RMB)												
	Month ended June 30,	Month ended July 31,	Month ended August 31,	Month ended September 30,	Month ended October 31,	Month ended November 30,	Month ended December 31,	Month ended January 31,	Month ended February 28,	Month ended March 31,	Month ended April 30,	Month ended May 31,	Month ended June 30,
	2008							2009					
Iron concentrates	764.5	733.1	758.2	696.7	603.4	457.3	465.2	519.4	468.6	475.2	510.0	514.4	582.3
Iron pellets . . .	935.6	954.5	936.7	904.6	805.1	651.0	679.7	682.8	676.1	675.7	684.7	717.5	826.5

As a result of its effect on demand and pricing, the economic slowdown may continue to have a material adverse effect on our gross margin, profitability and revenue growth as well as on our plans to expand our mineral reserves, production capacities and our line of business. See the "Business — Customers — Recent global economic trends and impact on our business", "Industry Overview — Overview of the Iron Ore and Titanium Industries — Iron Ore and titanium prices" and the "Financial Information — Factors Affecting results of Operations and Financial Conditions — Price of products" sections in this document. Any further significant slowdown in economic growth rates in the PRC or globally or a further reduction in the demand for our products from major steel producers in the mid-south and southwest regions of the PRC may further reduce the prices or increase the price volatility of our products and may have a material adverse effect on our business, financial condition and results of operations.

In accordance with our plan to increase our production of titanium and titanium-related products, we expect to increase our revenue and profits from the sale of these products. Our business will therefore become relatively more sensitive to market conditions relating to titanium and titanium-related products in the future and any adverse pricing trends or material decreases in the prices of these products may have a material adverse effect on our business, financial condition and results of operations.

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

Our mining and processing operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include unexpected maintenance or technical problems, periodic interruptions due to inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions, critical equipment failures in our mining and ore processing operations, fires, earthquakes, flooding and unusual or unexpected variations in the ore, and geological or mining conditions such as instability of the slopes and subsidence of the working areas. Such risks and hazards may delay the production and delivery of our products and/or increase the costs associated with our mining and processing operations, and may have a material adverse effect on our business, financial condition and results of operations.

Any disruption for a sustained period to the operations of our mines or processing plants or supporting infrastructure, particularly the railroad transportation network, or any change to the natural environment surrounding our mines, such as landslides as a result of earthquakes such as the earthquake suffered by Sichuan on May 12, 2008, may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, such as earthquakes, floods and snowstorms, may also interrupt our customers' operations and production. These natural disasters may also damage ancillary operations such as the transportation of our products to our customers. The occurrence of any natural disaster adversely affecting our customers and their ancillary operations may have a material adverse effect on our business, financial condition and results of operations.

Our major capital expenditure projects require significant capital investments and may not achieve the intended economic benefits.

An integral part of our business strategy is to expand our business by increasing our production capacity. We intend to increase our capacity to produce iron concentrates, iron pellets, titanium concentrates and titanium-related products by (i) improving our existing production lines; (ii) constructing new production lines; (iii) acquiring the production lines of other enterprises; and (iv) increasing the quantity we produce utilizing independent third party processing and pelletizing contractors. See the "Business — Expansion and Construction Plan" section in this document. However, we may not be able to improve or build our production lines successfully, identify suitable acquisition targets or investment opportunities or enter into economically beneficial contracts with processing or pelletizing contractors, or may not be able to complete any of these transactions on favorable terms. These transactions may also be difficult to manage or integrate with our existing operations or may be delayed or adversely affected by numerous factors, including the failure to obtain necessary regulatory approvals, technical difficulties, the lack of manpower or other resource constraints, and may divert resources and management attention from our other business concerns. In addition, the costs of these transactions may exceed our planned investment budget. As a consequence of delays, cost overruns, changes in market circumstances or other factors, the intended economic benefits from these transactions may not materialize and our business, financial condition and results of operations may be materially and adversely affected.

Another of our business strategies is to produce high-grade titanium concentrates and titanium-related downstream products such as titanium slag. However, we have limited experience in the production of high-grade titanium concentrates and titanium-related downstream products. Furthermore, related research and development activities require considerable human resources and capital investment and may not yield returns in the short term, if at all. We cannot assure you that our research and development efforts will be successful or remain within our budget limits. Nor can we assure you that we can implement the results of such research and development in our operations. If our investment in high-grade titanium concentrates and titanium-related downstream products fails to achieve our objectives, our business, financial condition and results of operations may be materially and adversely affected.

As a result of our overall business strategy, we will require a high level of capital expenditure in the foreseeable future to fund our ongoing operations and future growth. Our aggregate capital expenditures for our Baicao Mine and Xiushuihe Mine in 2009, 2010 and 2011 are expected to be RMB519.7 million. We intend to fund such capital expenditures out of internal sources of liquidity and/or through access to additional financing from external sources. Our ability to obtain external financing in the future at a reasonable financing cost is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- the condition of the global and domestic financial markets; and

- changes in the monetary policy of the PRC government with respect to bank interest rates and lending practices.

If we require additional funds and cannot obtain them when required or at a reasonable financing cost, we may be unable to fulfill our working capital needs, upgrade our existing facilities or expand our business. These or other factors may also prevent us from entering into transactions that would otherwise benefit our business. Any or all of these factors may have a material adverse effect on our business, financial condition and results of operations.

For further details of our net current liabilities positions and our future capital requirements during the Track Record Period, see the "Financial Information — Liquidity and Capital Resources" section in this document.

We sold the majority of our products to a connected person during the years ended December 31, 2006 and 2007.

Weiyuan Steel is a company in which Trisonic International, one of our Controlling Shareholders, owns a 68.0% equity interest and is therefore a connected person of our Company. Weiyuan Steel was the single largest customer of our iron concentrates and iron pellets during the years ended December 31, 2006 and 2007. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, sales to Weiyuan Steel accounted for approximately 96.5%, 94.1%, 21.1% and 17.3% of our total revenue, respectively. We cannot assure you that any of our attempts to expand our customer base will succeed and we expect Weiyuan Steel to continue to be one of our major customers. For further details relating to sales to Weiyuan Steel, see the "Business — Sales — Sales to Weiyuan Steel" section in this document. Any adverse development affecting Weiyuan Steel's demand for our products may have a material adverse effect on our business, financial condition and results of operations.

We have only recently begun selling our iron ore products to Independent Third Party customers.

We began in January 2008 to sell a larger percentage of our products to Independent Third Party customers. We cannot assure you that we will be able to expand our Independent Third Party customer base or maintain our relationships with our present Independent Third Party customers. If we are unable to expand our customer base, we will remain reliant on sales to Weiyuan Steel, which accounted for approximately 21.1% of our total revenue in 2008 and 17.3% of our total revenue for the six months ended June 30, 2009. Our relatively short history of dealing with Independent Third Party customers makes it difficult to evaluate the strength of our relationships with such customers or to determine whether they will maintain their present purchase volumes with us. This short history also makes it difficult to determine whether there may be seasonal or cyclical fluctuations in customer demand for our products or whether our customers may face adverse developments in their own business that may cause them to reduce their demand for our products. If we are unable to expand our customer base or maintain our present customer base, the demand for our products may decrease and our business, financial condition and results of operations may be materially and adversely affected.

Our short operating history and rapid growth may make it difficult for investors to evaluate our business and growth.

We commenced operations in 2004 and have since experienced rapid growth, with revenue increasing from approximately RMB211.1 million in 2006 to RMB791.2 million in 2008, representing a CAGR of 93.6% and from approximately RMB315.3 million for the six months ended June 30, 2008 to RMB486.0 million for the six months ended June 30, 2009, representing an increase of 54.1%. Due to our limited operating history, there may not be an adequate basis on which to evaluate our future operating results and prospects. Moreover, the rate of our future growth may not continue at the same level as the growth we have experienced in the past. Because our past results may not be indicative of our results in the future, investors may have difficulties evaluating our business and prospects.

We rely on Independent Third Party contractors for the majority of our operations.

To use resources more effectively and reduce operating costs, we engage an Independent Third Party Mining Contractor to carry out labor intensive work and work requiring certain technical skills such as blasting, waste stripping, ore drawing and the transportation of the ore from our mines to the designated processing plant. Our Independent Third Party Mining Contractor is responsible for 100% of the ore extraction operations at our Baicao Mine and Xiushuihe Mine.

We currently engage two Independent Third Party Processing Contractors to increase our production capacity of iron concentrates and medium-grade and high-grade titanium concentrates. Our first Independent Third Party Processing Contractor commenced production of iron concentrates and medium-grade titanium concentrates from the ore extracted from our Baicao Mine in January 2007. It has agreed to allocate production capacity of at least 550.0 Kt of iron concentrates and 110.0 Kt of medium-grade titanium concentrates to us in 2009. For the six months ended June 30, 2009, our first Independent Third Party Processing Contractor produced 266.8 Kt of iron concentrates and 37.7 Kt of medium-grade titanium concentrates for us, representing 35.9% and 60.1% of our total production volume of iron concentrates and medium-grade titanium concentrates, respectively, in that period.

Our second Independent Third Party Processing Contractor agreed to allocate production capacity of at least 150.0 Kt of iron concentrates to us in 2009. For the six months June 30, 2009, our second Independent Third Party Processing Contractor produced 3.6 Kt of iron concentrates for us, representing 0.5% of our total production volume of iron concentrates in that period.

We currently engage two Independent Third Party Pelletizing Contractors to increase our iron pellets production capacity. Our Independent Third Party Pelletizing Contractors produce iron pellets using the iron concentrates supplied by our Xiushuihe Processing Plant and our Independent Third Party Processing Contractors. Our first Independent Third Party Pelletizing Contractor has agreed to allocate production capacity of a total of 250.0 Kt of iron pellets to us in 2009. For the six months ended June 30, 2009, our first Independent Third Party Pelletizing Contractor produced 93.9 Kt of iron pellets for us, representing 29.9% of our total production volume of iron pellets in that period. Our second Independent Third Party Pelletizing Contractor has agreed to allocate production capacity of a total of 150.0 Kt of iron pellets to us in 2009. For the six months ended June 30, 2009, our second Independent Third Party Pelletizing Contractor produced 67.8 Kt of iron pellets for us, representing 21.6% of our total production volume of iron pellets in that period.

We currently engage three Independent Third Party Transportation Contractors and rely on them to transport our iron ore products from our processing plants to our Iron Pelletizing Plant and from our production facilities to the designated railroad stations for those customers that we have entered into separate transportation arrangements with in respect of the delivery of our iron ore products. See the “Business — Independent Third Party Contractors” section in this document.

We cannot assure you that our monitoring of the work and performance of our Independent Third Party contractors will be sufficient to control the quality of their work or of their safety or environmental standards. In the event that these Independent Third Party contractors fail to meet our quality, safety, environmental and other operating standards and those standards required by the relevant PRC laws and regulations, our operations may suffer and we may be liable to third parties. Costs associated with rectifying any problems caused by our contractors may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, if we are unable to maintain a cooperative relationship with any of our Independent Third Party contractors or obtain replacements on equal or more favorable terms in a timely manner, or at all, our production schedule may be delayed and we may breach the terms of our contracts, any or all of which may have a material adverse effect on our business, financial condition and results of operations.

Under our contracts with our Independent Third Party contractors, they are liable to us for any losses caused by, or incurred pursuant to, such outsourced activities. Yet we cannot assure you that we will not be involved in any legal claims with respect to such outsourced activities and that we will not be liable to third parties for losses or damages caused by our contractors. If a third party institutes legal action against us relating to outsourced activities, we may be required to incur costs and devote resources to defend ourselves against such claims. Costs and expenses incurred by us as a result of any acts or omissions of our Independent Third Party contractors or of any failure in the services they render to us or to third parties may have a material adverse effect on our business, financial condition and results of operations.

Our plan to acquire additional mineral reserves may not succeed.

We intend to acquire exploration and mining rights in the future to expand our mineral reserves. However, we may encounter intense competition during the expansion process and we may fail to select or value targets appropriately. One of the important factors that we will consider when we select or value targets is their resource and reserve data. Such resource and reserve data are estimates that involve professional judgment based on factors such as technical data, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the results of exploration drilling, sampling of the ore, analysis of the ore samples, estimation procedures and the experience of the person making the estimates. There are also many assumptions and variables beyond our control that result in inherent uncertainties in estimating reserves. As a result, resource and reserve data are only estimates and may be inaccurate. The failure to select or value targets appropriately may result in our inability to complete our expansion plans at a reasonable cost, if at all. Even if our expansion plans are successful, we may have to allocate additional capital and human resources to implement the integration of any acquired business with ours. We cannot assure you that such integration will be completed within a reasonable period of time or at all or that it will generate the expected economic benefits. If our expansion plans are delayed or they fail to deliver the expected economic benefits, then our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to increase the ore production quotas of our Baicao Mine and Xiushuihe Mine.

Our ore output volume at both our mines is subject to the ore output volume limits stipulated in our current mining permits. The current mining rights for our Baicao Mine and Xiushuihe Mine authorize an annual ore production of 4.6 Mt and 2.3 Mt, respectively, for open pit mining operations. Any increase in the authorized ore production quota is subject to feasibility studies and the approvals of the relevant authorities, including MEP, SAWS and MLR or their respective branches. If we decide to increase our ore production quotas, any such increase will depend on the outcome of our negotiations with the relevant authorities. If we are unable to increase our ore production quotas, our growth may be delayed and our business, financial condition and results of operations may be materially and adversely affected.

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

Iron ore and iron ore-related products are bulky, heavy and difficult to transport in the large quantities required by downstream users. The mountain roads in our region can be steep and difficult to traverse. Transportation costs are therefore generally a large component of the cost of purchase for our customers. Fluctuations in transportation costs may have a detrimental effect on the demand for our products. Our expansion plan and associated higher sales volume will increase demand on the railroad and road transport networks near our mines and those networks may be inadequate to handle our increased sales volume. In general, long distances transport by railroad is cheaper than by road. If the railroad network is not available, whether due to problems on the railroad line arising from the occurrence of natural disasters or accidents or because the capacity of the railroad has been reached, our customers may be forced to turn to road transport. As a result, they may choose suppliers closer to their operations or demand lower prices for our products. If transportation to and from our mines is reduced or cut off entirely for a long period of time, we may lose our customers and also be in breach of any existing sales contracts. Any difficulties experienced by our customers in transporting our products may reduce demand for our products and our business, financial condition and results of operations may be materially and adversely affected.

We may incur transportation costs if our customers do not pay the contract sales price.

We pay the costs of transportation from our processing plants to a specified delivery point for some of our customers, depending on the negotiated terms of the applicable sales contract, and recoup such transportation costs by adding the full costs to the contract sales price. Because the transportation costs of our products can be substantial, in the event we do not recoup such costs from our customers due to default in payment by a customer, our business, financial condition and results of operations may be materially and adversely affected.

Our mines are both located in Huili County of the Panxi Region and are exposed to the same risks.

Both of our main operating mines are located within approximately 30 km of each other in Huili County of the Panxi Region. Therefore, both mines use the same railroad and road transportation networks and are vulnerable to natural disasters or accidents that may close either or both transportation networks. As a result, demand for our products may be reduced because we and our customers are dependent on the same railroad and road transportation networks. In addition, both mines use the same utilities suppliers and any natural disaster or accident affecting us may also affect our utility suppliers. Each mine is thus exposed to the same pricing and supply risks as the other. In addition, we cannot assure you that the present government policies encouraging the consolidation of mines in the Panxi Region will continue and we may therefore not be able to purchase other mines in the different areas of the Panxi Region to mitigate these risks. See the "Business — Expansion and Construction Plan — Expansion of mineral reserves" section in this document. If a natural disaster or accident that affects both of our mines should occur at the same time or to the same extent, our business, financial condition and results of operations may be materially and adversely affected.

Our operations may be interrupted if we are denied access to our mines.

We operate our mining activities on collectively-owned land. Pursuant to Article 57 of the Land Administration Law, a party may use collectively-owned land on a short-term basis for more than two years if it has been granted short-term land use rights by the competent governmental authority and entered into land use agreements with the relevant rural collective economic entity or village committee. We have been granted short-term land use rights by the competent governmental authority. We have also entered into framework land-use agreements and detailed land-use agreements with the owners of the collectively-owned land, as represented by the relevant rural collective economic entity or village committee who has the right to manage the land used in our mining operations. Pursuant to the framework land-use agreements, the owners of the collectively-owned land have authorized us to use and occupy the land for our mining operations for the duration of the relevant mining permits. Details of the area, method of use and relevant compensation for each affected mining area are set forth in the detailed land use agreements. If we are denied access to any of our mines due to a breach of these land use agreements by the owners of the relevant collectively-owned land, it may require substantial time, cost and effort to regain access to our mines and any such interruptions in our operations may have a material adverse effect on our business, financial condition and results of operations.

Amortization expenses related to our mining rights may adversely affect our results of operations.

We amortize our mining rights over the shorter of the period of the rights on a straight-line basis or the useful lives of our mines in accordance with the production plans and reserves of the mines on the unit-of-production method. The period of useful life of our mines as of June 30, 2009 are 14.0 years for our Baicao Mine and 5.8 years for our Xiushuihe Mine. As of December 31, 2006, 2007, 2008 and June 30, 2009, our mining rights cost was RMB1.1 million, RMB145.2 million, RMB149.7 million and RMB149.7 million, respectively, and the period amortization cost was RMB0.1 million, RMB0.8 million, RMB7.8 million and RMB5.1 million, respectively. We intend to review the amount of reserves for our mines on an annual basis. Any material decrease in the amount of reserves for our mines may cause an impairment on the carrying value of our mining rights, which may have a material adverse effect on our business, financial condition and results of operations.

We had net cash outflow from operating activities in 2007 and we had net current liabilities as of December 31, 2006.

In 2007, our net cash outflow from operating activities was RMB96.9 million. See the "Financial Information — Liquidity and Capital Resources — Net cash inflow (outflow) from operating activities" section in this document. As of December 31, 2006, we had net current liabilities of RMB54.1 million. See the "Financial Information — Liquidity and Capital Resources" section in this document. If we are unable to repay any of our debts when they fall due, our creditors may take action to recover such debts, which may have a material adverse effect on our business, financial condition and results of operations.

In the event that we do not generate sufficient cash from our operations to meet our obligations, we may need to raise additional funding through debt or other forms of financing. There will be costs in raising and servicing such additional funding. If we are unable to raise additional funding or there is a delay in obtaining such funding, our business, financial condition and results of operations may be materially and adversely affected.

Our insurance coverage may be insufficient to cover our business risks.

We face various operational risks in connection with our business, including:

- production interruptions caused by operational errors, electricity outages, raw materials shortages, the failure of equipment and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- social, political and labor unrest;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, collapse of mine or other natural disasters.

As of the Latest Practicable Date, we maintain employee insurance as required by PRC laws and regulations and insurance for our transport vehicles. In line with the industry practice in the PRC, we do not maintain fire, earthquake, liability or other property insurance with respect to our property, equipment or inventory. We also do not maintain any business interruption insurance or third party liability insurance against claims for property damage, personal injury and environmental liabilities other than third party liability insurance for our vehicles. Any uninsured losses and liabilities incurred by us may have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that the safety measures we have in place for our operations will be sufficient to mitigate or reduce industrial accidents. We also cannot assure you that casualties or accidents will not occur or that our insurance coverage would be sufficient to cover costs associated with major accidents. In the event that we incur substantial losses or liabilities and our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Our future performance is dependent on our ability to attract and retain key qualified personnel.

Our future performance depends to a significant extent upon our ability to continue to attract, retain and motivate key qualified personnel, key senior management and other employees in our business, particularly those individuals set out in the "Directors, Senior Management and Employees" section in this document. We cannot assure you that these key qualified personnel will continue to provide services to us or will honor the agreed terms and conditions of their employment or service contracts. Moreover, we do not maintain insurance for the loss of any key qualified personnel. Any loss of key qualified personnel or failure to recruit and retain personnel may have a material adverse effect on our business, financial condition, results of operations and future prospects.

Our business is subject to extensive regulations and affected by government policies in the PRC.

We are subject to extensive national, provincial and local government regulations, policies and controls in the PRC that govern many aspects of our industry, such as:

- increases in ore output volume limits;
- grant and renewal of mining rights;
- grant and renewal of safety production permits;
- production safety and casualty ratings;
- taxes and fees;
- environmental, health and safety standards; and
- annual verification of mining permits and exploration permits.

The liabilities, costs, obligations and requirements associated with these laws and regulations may be significant and may delay or interrupt our operations. Failure to comply with the relevant laws and regulations in our mining operations may result in penalties or in the suspension of our operations. Additionally, we cannot assure you that the relevant government agencies will not alter these laws or regulations or impose additional or more stringent laws or regulations. Compliance with new laws or regulations may require us to incur significant capital expenditures or other obligations and secure new sources of financing. More stringent laws or regulations may also restrict our business operations. The cost of compliance with regulations is and will continue to be substantial, and any increase in costs due to changes in laws or regulations or to our failure to comply may have a material adverse effect on our business, financial condition and results of operations.

In addition, the current PRC government policies favor the acquisition and consolidation of mines by large mining companies. However, we cannot assure you that such policies will not change in the future. In the event that those policies favoring our acquisition and expansion plans change, our costs incurred in carrying out our acquisition and expansion plans may increase substantially and our ability to effect such plans may decrease. For more information on the relevant PRC regulations, see the "PRC Laws and Regulations" section in this document.

Our business operations may be affected by current or future safety and environmental regulations.

We are subject to extensive and increasingly stringent safety and environmental protection laws and regulations in the PRC. These laws and regulations:

- impose fees for the discharge of waste substances;
- require the establishment of reserves for reclamation and rehabilitation;
- impose fines for serious environmental offences; and
- allow the PRC government, at its discretion, to close down any facilities failing to comply with orders to correct or stop operations that have caused environmental damage.

The PRC government is currently moving toward more rigorous enforcement of applicable laws and regulations, as well as the adoption and enforcement of more stringent environmental standards. As a result, our budgeted capital expenditure for environmental regulatory compliance may be insufficient and we may need to allocate additional funds. Moreover, we cannot assure you that we can comply with all environmental laws and regulations that may be adopted or amended in the future. We have been sanctioned by the PRC government for breach of certain regulations in the past and were fined and/or required to take rectifying actions by the relevant government authority for improper use of forest land for mining purposes and improper waste water discharge. If we fail to comply with current or future environmental laws and regulations, we may be required to stop production, pay penalties or fines or take corrective actions, any or all of which may have a material adverse effect on our business, financial condition and results of operations. See the "Business — Regulatory Compliance Issues — Breach of PRC regulations" section in this document.

We will continue to be controlled by our Controlling Shareholders, whose interests may differ from those of our other Shareholders.

Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions with respect to:

- mergers or other business combinations;
- acquisition or disposition of assets;
- issuance of additional shares or other equity securities;
- timing and amount of dividend payments; and
- our management.

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

We may face shortages in our water supply or in the supply of our other utilities or raw materials.

We use water in various stages of our processing operations. Water for our Baicao Mine is drawn from local ground water. Water for our Xiushuihe Mine is drawn from the nearby Ailang River. Any climate change that results in unstable or reduced rainfall or any other event that causes a shortage of water supplies may force us to limit or delay our production. For example, during the last months of the dry season, usually in April and early May, water supplies become increasingly limited for both of our processing plants. We have entered into an investment co-operation agreement with the local government on September 18, 2008 pursuant to which the local government will construct a reservoir with a capacity of approximately 1.0 million cubic meters at Xiaoheiqing mining village (小黑箐鄉礦山村) near our Baicao Processing Plant. The construction of the reservoir was completed in July 2009 and the reservoir will begin operations by October 2009.

We are responsible for the full construction cost of the reservoir, which amounts to approximately RMB36.0 million, and are responsible for the ongoing maintenance of the reservoir. In return, we are entitled to use the water in the reservoir without further payment. See the "Business — Utilities and Raw Materials — Electricity and water" section in this document. We cannot assure you that the water in the reservoir will be sufficient for our needs. In the event of shortages in water supply, our production schedule may be delayed and our business, financial condition and results of operations may be materially and adversely affected.

We use electricity in all our operations. We obtain our electricity from local power grids at market rates. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our electricity expenditures accounted for approximately 9.3%, 5.9%, 7.3% and 7.5% of our total cost of sales, respectively, for these periods. Our major purchased raw materials are bentonite clay and coal, both of which are used at our Iron Pelletizing Plant in the iron pellet production process. We currently purchase bentonite clay from a single supplier. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, costs related to bentonite clay represented 1.4%, 1.1%, 0.5% and 0.3% of our total cost of sales, respectively, for these periods. We currently purchase coal from three suppliers. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, costs related to coal represented 8.5%, 6.1%, 4.9% and 3.4% of our total cost of sales, respectively, for these periods. In the event there is an interruption in the supply of electricity, bentonite clay or coal, our operations, or those of our Independent Third Party contractors, may be disrupted. We cannot assure you that supplies of electricity, bentonite clay or coal will not be interrupted or that their prices will not increase. If our existing suppliers cease to supply us, or our Independent Third Party contractors, with bentonite clay, coal or electricity at a sufficiently low price, or at all, or if we cannot find alternative sources of these materials within a reasonable time and at a reasonable cost, or at all, our business, financial condition and results of operations may be materially and adversely affected. See the "Business — Utilities and Raw Materials" section in this document.

The resource and reserve data cited in this document are estimates and may be inaccurate.

We base our production, expenditure and revenue plans on our resource and reserve data. The resource and reserve data are estimates based on the result of geographical exploration and have been reviewed and verified by the Independent Technical Advisor. Resource and reserve estimates involve professional judgment based on factors such as technical data, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the results of exploration drilling, sampling of the ore, analysis of the ore samples, estimation procedures and the experience of the person making the estimates. There are also many assumptions and variables beyond our control that result in inherent uncertainties in estimating reserves. As a result, the resource and reserve data are only estimates and our actual volume of resources and reserves and rates of production may differ materially from these estimates.

Estimates of our resources and reserves may change significantly when new information becomes available or new factors arise to change the assumptions underlying the resource and reserve estimates. Resource and reserve estimates locate in-situ mineral occurrences from which minerals may be recovered, but do not provide an analysis as to whether such resources are capable of being mined or whether minerals could be processed economically and do not incorporate mining dilution or allowance for mining losses. The reserve estimates contained in this document represent the amount of reserves such as iron ore and titanium that we believe can be mined and processed economically. In the future we may need to revise our reserve estimates, if, for instance, our production costs increase or the prices of our products decrease and render a portion (or all) of our reserves uneconomical to recover. A revision of our reserve estimates may result in the lowering of our estimated reserves as well as the expected mining life of our mines.

Fluctuations in factors such as the prices of our products, production costs and transportation costs, variation in recovery rates and unforeseen geological or geotechnical perils may require us to revise our resource and reserve data. If such revisions result in a substantial reduction in recoverable reserves at one or more of our mines, our business, financial condition and results of operations may be materially and adversely affected. For more information on our resources and reserves, including qualifications to the Report of Independent Technical Advisor, see the "Report of Independent Technical Adviser" attached as Appendix V to this document.

RISKS RELATING TO CONDUCTING OUR OPERATIONS IN THE PRC

The political, social and economic conditions in the PRC may adversely affect our business.

Since 1978, the PRC's GDP has been growing at a rapid rate. However due to the global economic slowdown, the PRC's growth rate slowed in 2008. As such, we cannot assure you that the growth rate in years prior to 2008, or in 2008, will be achieved or sustained in the future. The PRC economy differs from the economies of most developed countries in many respects, including structure, government involvement, level of development, economic growth rate, control over foreign exchange, allocation of resources and balance of payment position. For the past two decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. We cannot predict whether changes in the economic, political and social conditions in the PRC will lead to continued growth or whether any such growth will be in a geographic region or economic sector beneficial to us. Moreover, even if new policies may benefit our industry in the long term, we cannot assure you that we will be able to successfully adjust to such policies. As we derive our revenue exclusively from the PRC, we depend heavily on general economic conditions in the PRC for our continued growth. Therefore, if the PRC's economic growth slows down or if the PRC economy experiences a recession, the growth in demand for our products may be reduced or become minimal, and thus may have a material and adverse effect on our business, financial condition and results of operations.

Demand for our products may be affected by a variety of social and economic factors, some of which may be beyond our control, including:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or in the interpretation of laws and regulations;
- measures introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- imposition of additional restrictions on currency conversion and remittances abroad;
- reduction in tariff protection and other import restrictions;
- increases in usage fees and other applicable charges and payments associated with mineral resources; and
- fluctuations in the foreign exchange rate.

Any significant change in any of the above or other factors may have a material adverse effect on our business, financial condition and results of operations. For more information on the relevant PRC regulations, see the "PRC Laws and Regulations" section in this document.

Changes in PRC laws, regulations and policies may adversely affect our business operations.

Our operations, like those of other mining companies in the PRC, are subject to regulations imposed by the PRC government. These regulations affect many aspects of our operations, including the pricing of our main products, utility expenses, industry-specific taxes and fees, business qualifications, capital investment and environmental and safety standards. As a result of the stringent regulations applicable to our industry, we may face significant constraints on our ability to implement our business strategies, to develop or expand our business operations or to maximize our profitability. In addition, our business may be adversely affected by future changes in policies of the PRC government applicable to our industry. Any policy reforms promulgated by the PRC government in respect of iron ore resources may also have an impact on our future operations. Apart from factors arising from our industry itself, the macroeconomic control measures implemented by the PRC government may have an impact on the demand and supply conditions applicable to our products.

The Ministry of Finance and the State Administration of Taxation issued the Circular on Adjusting the Policy on Resource Tax of Molybdenum Ore and Other Resources (《財政部、國家稅務總局關於調整鉬礦石等品目資源稅政策的通知》) on December 12, 2005 to adjust the resource tax rates of ferrous metal ore. Pursuant to the notice, which has been in effect since January 1, 2006, the resource tax rate of iron ore has increased from RMB2.8 per tonne to RMB4.2 per tonne. As such, the resource tax for our mines increased by RMB1.4 per tonne of ore. Any further material increase in resource-related taxes or any policy reforms promulgated by the PRC government in relation to iron ore may have a material adverse effect on our business, financial condition and results of operations.

All of our revenue is denominated in Renminbi, which is not freely convertible for capital account transactions and may be subject to exchange rate volatility.

We require access to foreign currency to pay dividends to our Shareholders. However, all of our revenue is denominated in Renminbi, which currently is not a freely convertible currency. Under the PRC foreign exchange rules and regulations, payments of current account items, including profit distributions, interest payments and expenditures related to business operations, are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. Capital account transactions must be approved by or registered with SAFE. Repayments of loan principal, distributions of returns on direct capital investment and investments in negotiable instruments are also subject to restrictions. As a result of these controls, we cannot assure you that we will be able to meet all of our foreign currency obligations or to remit profits to our Shareholders in the form of dividends.

The value of the Renminbi depends to a large extent on the PRC’s domestic and international economic, financial and political conditions and government policies, as well as the local and international currency markets. Prior to 1994, the Renminbi experienced a significant net devaluation against most major currencies and there was significant volatility in the market-based exchange rate. Since 1994, the conversion of Renminbi into foreign currencies in the PRC, including HK and US dollars, has been based on exchange rates published by the PBOC, which are set daily based on the previous day’s interbank foreign exchange market rates in the PRC and currency exchange rates in world financial markets. Since 1994, the Renminbi to US dollar exchange rate has largely stabilized. On July 21, 2005, the PBOC announced that the exchange rate of US dollars to Renminbi would be adjusted from US$1.00 to RMB8.27 to US$1.00 to RMB8.11 and it ceased to peg the Renminbi solely to the US dollar. Instead, the Renminbi is now pegged to a basket of currencies as determined by the PBOC, the components of which are adjusted based on market changes and according to a set of systematic principles. On September 23, 2005, the PRC government widened the daily trading band for the Renminbi against non-US dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. In the future, the Renminbi may be revalued further against the US dollar or other currencies or may be permitted to enter into a full or limited free float, any of which may result in the appreciation or depreciation of the Renminbi against the US dollar or other currencies. Any change in PRC foreign exchange policies may give rise to uncertainties in our financial condition and results of operations. We currently do not, nor do we intend to, hedge our exposure to the US dollar or other currencies. Since all of our income and profits are denominated in Renminbi, any appreciation in the Renminbi may subject us to increased competition from imports while a devaluation of the Renminbi may adversely affect the value of our net assets, earnings and declared dividend in foreign currency terms, as well as our ability to meet our foreign currency obligations.

There are uncertainties associated with the implementation, interpretation and enforcement of the PRC legal system.

Our PRC operating subsidiaries are governed by PRC law. The PRC is a civil law jurisdiction based on written codes and statutes. Unlike common law jurisdictions, prior court decisions may be cited as persuasive authority but do not have binding legal force. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters in general such as foreign investment, corporate organization and governance, commerce, taxation and trade in order to establish a comprehensive legal system conducive to investment. However, the implementation, interpretation and enforcement of these statutes may involve greater uncertainty compared to those in the common law jurisdictions due to a relatively short legislative history and the limited number and non-binding nature of court cases. Depending on the government agency and court or how an application or a case is presented to such agency or court, we may be subject to less favorable interpretations of the law than those imposed on our competitors. In addition, litigation in the PRC may be protracted and result in substantial legal costs and the diversion of our resources and the attention of our management. Similarly, legal uncertainty in the PRC may limit the legal protections available to potential investors. We cannot predict the effects of future legal developments in the PRC, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national law. As a result, there is substantial uncertainty as to the legal protection available to potential investors.

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

The PRC Labor Contract Law became effective on January 1, 2008. Compliance with the requirements under the PRC Labor Contract Law, in particular the requirements to make severance payments and non-fixed term employment contracts, may increase our labor costs.

Pursuant to the PRC Labor Contract Law, since January 1, 2008, we have been required to enter into non-fixed term employment contracts with employees who have worked for us for more than ten years or, unless otherwise provided in the PRC Labor Contract Law, for whom a fixed term employment contract has been concluded for two consecutive terms. We may not be able to efficiently terminate non-fixed term employment contracts under the PRC Labor Contract Law without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, unless such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three or more times greater than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the PRC Labor Contract Law. Liability for damages or fines may be imposed for any material breach of the PRC Labor Contract Law.

As confirmed by our Directors, there was no increase in the amount of labor costs for our Company in 2008 as a result of the PRC Labor Contract Law and we have been in compliance with the PRC Labor Contract Law since it became effective on January 1, 2008. In addition to the cost of compliance with current PRC labor laws and regulations, any significant changes in PRC labor laws in the future may substantially increase our operating costs and have a material adverse effect on our business, financial condition and results of operations.

There may be difficulties in effecting service of process upon us or our management who reside in the PRC and in seeking recognition and enforcement of foreign judgments or arbitral awards in the PRC.

Our assets are primarily located in the PRC and most of our senior management and Directors reside in the PRC. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil commercial case according to a written choice of court agreement may apply for the recognition and enforcement of such judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring the payment of money in a civil commercial case pursuant to a written choice of court agreement may apply for the recognition and enforcement of such judgment in Hong Kong. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. It may be difficult or impossible for investors to effect service of process against our assets, senior management or Directors in the PRC in order to seek the recognition and enforcement of foreign judgments in the PRC, if the parties in dispute do not agree to such a choice of court agreement in accordance with the requirements set forth in the Arrangement.

The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts in other jurisdictions. Therefore, it may not be possible for investors to effect service of process on us or those persons in the PRC or to enforce any judgment awarded by non-PRC courts in the PRC.

The PRC is one of the signatories to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention"), which allows for the enforcement of arbitral awards given by the arbitration bodies of other New York Convention signatories. Following the resumption of sovereignty over Hong Kong by the PRC on July 1, 1997, the New York Convention is no longer applicable for the enforcement of arbitral awards of Hong Kong in other parts of the PRC. As a result, a memorandum of understanding was signed on June 21, 1999 to permit the reciprocal enforcement of arbitral awards between Hong Kong and the PRC (the "Memorandum of Understanding"). This Memorandum of Understanding was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council and became effective on February 1, 2000. It may be difficult to seek recognition and enforcement of arbitral awards in the PRC if the arbitral awards were given by arbitration bodies that are not signatories to the New York Convention or do not have similar arrangements to the Memorandum of Understanding between Hong Kong and the PRC.

A recurrence of SARS or an outbreak of other epidemics, such as avian flu or the H1N1 influenza, may adversely affect the national and regional economies in the PRC and our business prospects.

Some regions in the PRC are susceptible to epidemics such as SARS. Past occurrences of epidemics, depending on their scale of occurrence, have damaged national and local economies in the PRC. A recurrence of SARS or an outbreak of any other epidemic in the PRC, such as the H5N1 avian flu or the H1N1 influenza, especially in the areas where we have operations, may result in quarantines, temporary closures of our offices and manufacturing facilities, travel restrictions and/or the illness or death of our key personnel. Any of the above may cause material disruptions to our operations, which in turn may have a material adverse effect on our business, financial condition and results of operations. Even if we are not directly affected by an epidemic, an outbreak of SARS, avian flu, H1N1 influenza or other epidemics, whether inside or outside the PRC, could slow down or disrupt general economic activities, which may in turn have a material adverse effect on our business, financial condition and results of operations.

The New Tax Law may affect tax exemptions on dividends received by us and by our Shareholders and may increase our enterprise income tax rate.

We are incorporated under the laws of the Cayman Islands and hold interests in our PRC operating subsidiaries. Pursuant to the New Tax Law, effective January 1, 2008, if the overseas members of our Group are deemed to be non-PRC resident enterprises for tax purposes without an office or premises in the PRC, Simply Rise and First China will be subject to a withholding tax rate of 10% for any dividends paid by Huili Caitong unless they are entitled to certain tax reductions or exemptions. Under the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) effective on January 1, 2007 (the "Tax Agreement"), the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise owns at least 25% of the PRC enterprise; if otherwise, the dividend withholding tax rate is 10%. According to the Notice of the State Administration of Taxation on issues relating to the administration of the dividend provision in tax treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guoshuihan [2009] No. 81) ("Notice 81") promulgated on February 20, 2009, the corporate recipients of dividends distributed by Chinese enterprises must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. Pursuant to the Tax Arrangement and Notice 81, a payment of dividends by Huili Caitong to Simply Rise and First China, which hold 72% and 18.5% of the equity interest in Huili Caitong, respectively, may be subject to a PRC withholding tax at a rate of 5% and 10%, respectively, if the provisions of Notice 81 are satisfied and the overseas members of our Group are not considered to be PRC resident enterprises for tax purposes. According to Notice 81, if the primary purpose of the transactions or arrangements is deemed by the relevant authorities to be entered into for the purpose of enjoying a favorable tax treatment, the favorable tax benefits enjoyed by us pursuant to the Tax Arrangement may be adjusted by the relevant tax authorities in the future.

The New Tax Law provides that if an enterprise incorporated outside the PRC has its "de facto management organization" within the PRC, such enterprise may be deemed a PRC resident enterprise for tax purposes and be subject to an enterprise income tax rate of 25% on its worldwide income. Most members of our management are located in the PRC and, if they remain there, the overseas members of our Group may be deemed PRC resident enterprises and therefore subject to an enterprise income tax rate of 25% on our worldwide income. As a result of these tax provision changes, our historical operating results will not be indicative of our operating results for future periods and the value of our Shares may be materially and adversely affected.

The New Tax Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, but due to the short history of the New Tax Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us will meet such qualification requirements even if the overseas members of our Group are considered as PRC resident enterprises for tax purposes.

The New Tax Law also stipulates that if (i) an enterprise distributing dividends is domiciled in the PRC or (ii) capital gains are realized from the transfer of equity interests in enterprises domiciled in the PRC, then such dividends or capital gains are treated as PRC-sourced income. If the overseas members of our Group are deemed PRC resident enterprises for tax purposes, then (i) any dividends we pay to our overseas Shareholders and (ii) any capital gains realized by our Shareholders from transfers of our Shares may be regarded as PRC-sourced income and be subject to a PRC withholding tax rate of up to 10%.

As the New Tax Law has only recently taken effect, it is uncertain how it will be implemented by the relevant PRC tax authorities. If dividend payments from our PRC operating subsidiaries to us are subject to the PRC withholding tax, it may have a material adverse effect on our business, financial condition and results of operations. If our dividend payments to the overseas Shareholders are subject to the PRC withholding tax, it may have a material adverse effect on your investment return and the value of your investment in us.

RISKS RELATING TO OUR SHARES

We cannot assure you that we will declare dividends in the future.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits. Distributable profits refer to after tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years.

The calculation of our distributable profits under PRC GAAP differs in many aspects from the calculation under IFRS. As a result, our PRC operating subsidiaries may not be able to pay a dividend in a given year if they do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. Accordingly, since our Company derives all of our earnings and cash flows from dividends paid to us by our PRC operating subsidiaries in the PRC, we may not have sufficient distributable profits to pay dividends to our Shareholders.

We declared one-off and non-recurring special dividends of RMB20.0 million to our Shareholders on February 24, 2009 and distributed such dividends on September 16, 2009. Other than the declaration of such special dividends, we did not declare or pay any dividends during the Track Record Period. For further details of our dividend policy, see the “Financial Information — Dividend Policy” section in this document. We cannot assure you that future dividends will be declared or paid in an amount equivalent to or exceeding historical dividends. Therefore, investors are cautioned not to use historical dividends as an indication of the amount of future dividends. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among other considerations, our operations, earnings, financial condition, cash requirements and availability, our constitutional documents and applicable law.

RISKS RELATING TO STATEMENTS IN THIS DOCUMENT

We cannot guarantee the accuracy of facts and other statistics with respect to certain information obtained from official government and non-official publications contained in this document.

Certain facts and statistics cited in this document are based on various official government and non-official publications, including the Hatch Report. We cannot guarantee the quality or reliability of such facts and statistics. Such information has not been independently verified by us and may be inconsistent, inaccurate, incomplete or out-of-date. We make no representation as to the accuracy or completeness of such facts and statistics. Such facts and statistics may not be consistent with other information compiled within or outside the PRC. Furthermore, the facts and statistics may be incomparable to statistics on the economies of other nations and there can be no assurance that the statistics are stated or compiled on the same basis or with the same degree of accuracy as compared to those stated or compiled by other nations. Accordingly, such facts and statistics should not be unduly relied upon.