
CORPORATE STRUCTURE AND HISTORY

HISTORY AND DEVELOPMENT

Our Company was incorporated in Bermuda with limited liability on July 18, 2005. CITIC Dameng Mining, our principal operating subsidiary, was established as a sino-foreign equity joint venture in the PRC by CITIC Dameng Investments and Guangxi Dameng on August 19, 2005, and was formed to undertake the exploration, mining and processing of manganese and the associated production of manganese and manganese-related products. We are headquartered in Hong Kong. We are operating mining, ore processing and downstream processing operations in China, and are developing mining and ore processing operations in Gabon.

Prior to the establishment of CITIC Dameng Mining, the manganese mining and processing business relating to Daxin Mine and Tiandeng Mine was operated by Guangxi Dameng. Guangxi Dameng is a wholly state-owned enterprise which was established under the laws of the PRC with limited liability on July 30, 2001. The key assets for the manganese mining business are the mining rights and land use rights relating to Daxin Mine and Tiandeng Mine. The principal business activities of Guangxi Dameng and its subsidiaries include mining, selection, refining and processing of manganese and the sale of parts for motor vehicles.

On August 2, 2005, Guangxi Dameng entered into a JV Contract with CITIC Dameng Investments, an indirectly non-wholly owned subsidiary of CITIC Resources. CITIC Resources is an integrated provider of key commodities and strategic natural resources with particular focus on the oil business. CITIC Group indirectly controls over 50% of CITIC Resources, CITIC Group is a large PRC state-owned conglomerate of companies engaged in financial services, investment holding, real estate and civil infrastructure, manufacturing, resources development, trading and services, the information industry and project contracting.

In accordance with the JV Contract, CITIC Dameng Investments has the right to terminate the JV Contract and withdraw its entire investment in CITIC Dameng Mining if the mining rights to Daxin Mine and Tiandeng Mine were not transferred to CITIC Dameng Mining on or before February 1, 2006, which was six months after the date of the incorporation of CITIC Dameng Mining. We obtained the control over CITIC Dameng Mining on February 28, 2006. The registered capital of CITIC Dameng Mining was RMB500 million, of which RMB300 million (HK\$288.5 million, converted at historical exchange rate of RMB1.0000 to HK\$0.9617) were contributed by CITIC Dameng Investments in cash and RMB200 million (HK\$192.3 million, converted at historical exchange rate of RMB1.0000 to HK\$0.9617) were contributed by Guangxi Dameng in the form of certain assets including mining rights to Daxin Mine and Tiandeng Mine. Since the commencement of our operation, the management of CITIC Dameng Mining has implemented a series of expansion plans focused on increasing production, including introducing advanced mining, processing and manufacturing techniques upgrading facilities and cooperating with various institutions of higher learning to research and develop new manganese based products. As a result of these expansion plans, the combined manganese mining production of CITIC Dameng Mining increased from 1,053,000 tpa in 2007 to 1,106,000 tpa in 2009.

We have expanded our business through acquiring controlling equity interests in companies that complement our manganese mining and processing operations. We commenced the production of high carbon ferrochromium, a non-manganese ferroalloy, following our acquisition of a 70% equity interest in Qinzhou New Materials in February 2007. In the three years ended December 31, 2009 and the six months ended June 30, 2010, revenue generated from the sales of high carbon ferrochromium accounted for 15.5%, 15.6%, 15.3% and 14.7%, respectively, of our total revenue. We have expanded our manganese production capacities through acquiring a 51% indirect equity interest in CICMHZ, which holds manganese mining rights to Bembélé Manganese Mine in Gabon,

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exploration rights for manganese in the Bembélé area in Gabon. This acquisition was completed on August 1, 2008, and we expect Bembélé Manganese Mine to commence operation by the end of the first quarter in 2011 and reach a mining production of approximately 1,150,000 tpa of ore in 2011.

OUR ESTABLISHMENT AND RESTRUCTURING

We have undergone a series of asset and shareholding restructurings, as described below. We have obtained all relevant approvals for our establishment and restructuring related transactions.

Establishment of CITIC Dameng Mining

In preparation for the establishment of CITIC Dameng Mining, CITIC Dameng Investments and Guangxi Dameng entered into a JV Contract on August 2, 2005, pursuant to which Guangxi Dameng agreed to contribute RMB200 million (HK\$192.3 million, converted at historical exchange rate of RMB1.0000 to HK\$0.9617) to the registered capital of CITIC Dameng Mining by transferring to CITIC Dameng Mining certain business assets, set forth in more detail below, in exchange for a 40% equity interest in CITIC Dameng Mining. CITIC Dameng Investments, which was ultimately owned as to 80% by CITIC Resources and as to 20% by CITIC United Asia, an affiliate of CITIC Resources, agreed to contribute to the registered capital of CITIC Dameng Mining by way of cash RMB300 million (HK\$288.5 million, converted at historical exchange rate of RMB1.0000 to HK\$0.9617) in exchange for a 60% equity interest in CITIC Dameng Mining.

Pursuant to the JV Contract, Guangxi Dameng contributed to CITIC Dameng Mining the following assets:

1. the operational assets and liabilities of Daxin Mine and Tiandeng Mine which comprised, among others, current assets, fixed assets, construction in progress and equipment, intangible assets, current liabilities, long-term liabilities and long-term investments in the form of a 77% equity interest in a subsidiary and a 60% equity interest in Tiandeng Dameng, with an aggregate assessed value of RMB61,274,200;
2. the mining rights to Daxin Mine and Tiandeng Mine, with an aggregate assessed value of RMB111,352,900;
3. land use rights owned by Guangxi Dameng, Daxin Mine and Tiandeng Mine concerning, respectively, land located in Chongzuo City, Daxin County and Tiandeng County in Guangxi for a term of 50 years from the date such land use rights were transferred to CITIC Dameng Mining, with an aggregate area of 4,470,127.43 square meters and an aggregate assessed value of RMB61,459,100;
4. a 50.98% equity interest in Guangxi Start, being a long term investment with an assessed value of RMB7,095,000; and
5. a 60% equity interest in Guangxi Dabao, being a long term investment with an assessed value of RMB1,613,100.

The values of the foregoing assets were assessed according to certain valuation reports which were provided by various independent professional valuers in the PRC. The aggregate assessed value of these assets were approximately RMB242.8 million (HK\$233.5 million, converted at historical exchange rate of RMB1.0000 to HK\$0.9617), reflecting an excess of RMB42.8 million (HK\$41.2 million, converted at historical exchange rate of RMB1.0000 to HK\$0.9617) over the agreed contribution amount of RMB200 million (HK\$192.3 million, converted at historical exchange rate

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of RMB1.0000 to HK\$0.9617) by Guangxi Dameng. Such excess was recorded in the balance of amounts due to minority shareholders of subsidiaries, which was subsequently settled. The foregoing assets and liabilities did not include non-operational assets such as hospitals, schools, canteens, staff quarters and other facilities which Guangxi Dameng managed and, where applicable, operated, during the period prior to the establishment of CITIC Dameng Mining.

The JV Contract further provided that (i) CITIC Dameng Mining would be entitled to all rights and assume all liabilities relating to the assets contributed to CITIC Dameng Mining from the date of contribution of such assets; and (ii) Guangxi Dameng would retain all rights and assume all liabilities relating to all assets not covered by the scope set out in paragraphs (1) through (5) above. Additionally, Guangxi Dameng provided certain warranties in connection with the transferred business assets, and undertook to indemnify CITIC Dameng Mining for any losses which it suffered as a result of Guangxi Dameng's breach of warranties. Our PRC legal advisers have advised us that we can enforce our rights under such warranties in a court of law within two years after we first know or should have known any breach of such warranties by Guangxi Dameng, if any, and our rights to enforcement will expire after 20 years since the execution date of the JV Contract.

We obtained the control of CITIC Dameng Mining on February 28, 2006, and consolidated the operating results of CITIC Dameng Mining and its subsidiaries into the operating results of our Group.

On April 8, 2009, CITIC Dameng Investments contributed an amount of HK\$290.3 million in cash into CITIC Dameng Mining (including RMB79.7 million as payment for the registered capital and RMB175.9 million as payment for the premium) pursuant to a capital increase agreement entered into with Guangxi Dameng dated February 2, 2009. The amount of the capital increase is determined with reference to the net asset value of CITIC Dameng Mining based on a valuation performed by an independent qualified valuer in the PRC and approved by Guangxi SASAC in accordance with the applicable valuation principles generally adopted in the PRC. As such, the registered capital of CITIC Dameng Mining was increased from RMB500.0 million to RMB579.7 million, and since CITIC Dameng Investments was solely responsible for contributing this capital injection, CITIC Dameng Investments' equity interest in CITIC Dameng Mining increased from 60% to 65.5%, and Guangxi Dameng's equity interest in CITIC Dameng Mining was diluted from 40% to 34.5%.

Acquisition and establishment of other major subsidiaries, and other investments

Qinzhou New Materials

Qinzhou New Materials was established in the PRC on November 26, 2003 as a limited liability company with a total registered capital of RMB8,000,000. The authorized business scope of Qinzhou New Materials is the production and sale of manganese and chromium ore. Ms. Wu Caihe and Mr. Wen Shungui, who were Independent Third Parties, held 100% equity interests of Qinzhou New Materials.

In February 2007, we acquired a 43.34% equity interest in Qinzhou New Materials by subscribing to the increased registered capital of Qinzhou New Materials in the amount of HK\$13.6 million. Meanwhile, Guangxi Qinzhou Port District Mingsheng Metallurgy Trading Company Limited (欽州市明盛冶金貿易有限公司), an Independent Third Party wholly owned by Ms. Wu Caihe and Mr. Wen Shungui, acquired 30% equity interest in Qinzhou New Materials by subscribing to the increased registered capital of Qinzhou New Materials in the amount of RMB9 million. Moreover, Ms. Wu Caihe and Mr. Wen Shungui, whose equity interest had been reduced to 26.66% after the

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capital injection from us and Guangxi Qinzhou Port District Mingsheng Metallurgy Trading Company Limited, transferred their 26.66% interest in Qinzhou New Materials to us for HK\$3.1 million. As a result of the above transactions, the total registered capital of Qinzhou New Materials was increased up to RMB30 million and we acquired 70% interest in total in Qinzhou New Materials.

We decided to acquire Qinzhou New Materials because we were exploring suitable opportunities in non-manganese ferroalloys which are complementary to our manganese operations and may improve our profitability. The then shareholders of Qinzhou New Materials, Ms. Wu Caihe and Mr. Wen Shungui, agreed to sell to us the 70% equity interest in Qinzhou New Materials because they did not have sufficient funding to expand the production to meet the market demand and we could provide the required funding and a strong brand name. They also expected that Qinzhou New Materials could tap into our stable customer base in the steel manufacturing industry. Ms. Wu Caihe and Mr. Wen Shungui continued to hold indirectly the other 30% equity interest in Qinzhou New Materials after our acquisition, so that they could also benefit from the synergy between the production of high carbon ferrochromium and our manganese operations. Due to the above reasons, we were able to bargain for a discounted acquisition price based on the carrying amount of the net assets of Qinzhou New Materials mutually agreed between the parties. As of February 9, 2007, the fair value of the identifiable assets and liabilities of Qinzhou New Materials were RMB27.46 million (HK\$28.6 million, converted at historical exchange rate of RMB1.0000 to HK\$1.0417) according to the valuation carried out by Shanghai Dong Hua CPAs Co., Ltd., Guangxi Branch. The total amount of negative goodwill was HK\$11.9 million.

CICMHZ

CICMHZ was established in Gabon on August 24, 2005 as a *société à responsabilité limitée* (equivalent to a limited liability company) with a total registered share capital of XAF10,000,000. CICMHZ holds manganese mining rights to Bembélé Manganese Mine and exploration rights for manganese in the Bembélé area, both of which are located in Gabon. The authorized business scope of CICMHZ includes the performance of prospecting, exploration, international trade, mining, processing, investment and management in the mining sector.

In and around early 2007, CITIC Dameng Mining was approached by the Ningbo Huazhou group and began to consider the feasibility of a strategic cooperation with Ningbo Huazhou Mining Investment Co. Limited (寧波華州礦業投資有限公司) (“Ningbo Huazhou Mining”) in mining opportunities in Gabon. Upon the completion of an on-site visit initiated by Ningbo Huazhou Mining in May 2007 and satisfactory due diligence review, it was agreed by the parties that CITIC Dameng Mining and Ningbo Huazhou Mining should jointly pursue and invest in potential mining activities in Gabon, taking advantage of the exploration and mining interest held by Ningbo Huazhou Mining through its wholly-owned subsidiary, CICMHZ, at the time.

The Ningbo Huazhou group entities that were involved in the Gabon project are Ningbo Huazhou Mining and Ningbo Mining Investment Holding Co. Limited (寧波礦業投資控股有限公司) (“Ningbo Mining Investment”). Ningbo Huazhou Mining is a company with limited liability incorporated under the laws of the PRC. Its principal activities comprise investments in mining activities. Ningbo Mining Investment is an investment holding company with limited liability incorporated under the laws of the PRC which holds 25% of the equity interest in Ningbo Huazhou Mining. Huabudao Group Co. Ltd., formerly known as Huazhou Group Co. Ltd, is a PRC company engaging in the sale of coal and related products, as well as real estate development, which holds 39% of the equity interest in Ningbo Huazhou Mining. It is believed that Ningbo Mining Investment and its subsidiaries were established to facilitate Huazhou Group Co. Ltd.’s expansion into the mining

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industry. The opportunity to acquire the mining rights to Bembélé Manganese Mine was presented to Ningbo Mining Investment by one of its business partners, which was not interested in pursuing the opportunity itself at the relevant time. After due consideration, Ningbo Mining Investment decided to pursue this business venture as it believes that branching out into the overseas mining business is in the commercial interest of the company.

Pursuant to a Gabon Mining Project Development Cooperation Framework Agreement entered into among Ningbo Huazhou Mining, Ningbo Mining Investment and CITIC Dameng Mining dated September 10, 2007, it was agreed that (i) Ningbo Huazhou Mining should establish a wholly-owned subsidiary in the BVI, Future Idea Investments Limited (“Future Idea”); (ii) Future Idea should in turn establish a wholly-owned subsidiary in the BVI, Huazhou BVI; (iii) Ningbo Huazhou Mining should then transfer 85% of its equity interest in CICMHZ to Huazhou BVI; and (iv) CITIC Dameng Mining should then acquire a 60% shareholding interest in Huazhou BVI from Future Idea. As such, CITIC Dameng Mining would acquire a 51% indirect equity interest in CICMHZ through its 60% direct shareholding interest in Huazhou BVI, which would hold 85% equity interest in CICMHZ. As it has been observed that it is a common practice for mining companies in Gabon to have at least one shareholder which is either a Gabon entity or a Gabonese natural person, it is intended that the 15% equity interest held by Ningbo Huazhou Mining will be subsequently transferred to a Gabon corporate entity and/or a Gabonese natural person if necessary.

As part of the implementation of the Gabon Mining Project Development Cooperation Framework Agreement, Future Idea transferred 18% of the issued share capital of Huazhou BVI to Fairway Lum International Investment Limited (“Fairway Lum”) in 2007. Fairway Lum is an investment holding company incorporated in the BVI, which is held as to 80% by Lin Ping (林平), and as to 20% by Liu Yuheng (劉雨衡). Lin Ping is a PRC national. He is one of the shareholders of Ningbo Hui Lin Investment Consulting Co., Ltd. (寧波滙林投資諮詢有限公司) and is the chairman of Ningbo Mining Investment and Ningbo Huazhou Mining. Liu Yuheng is a PRC national. He holds 12% of the equity interest of Ningbo Huazhou Mining.

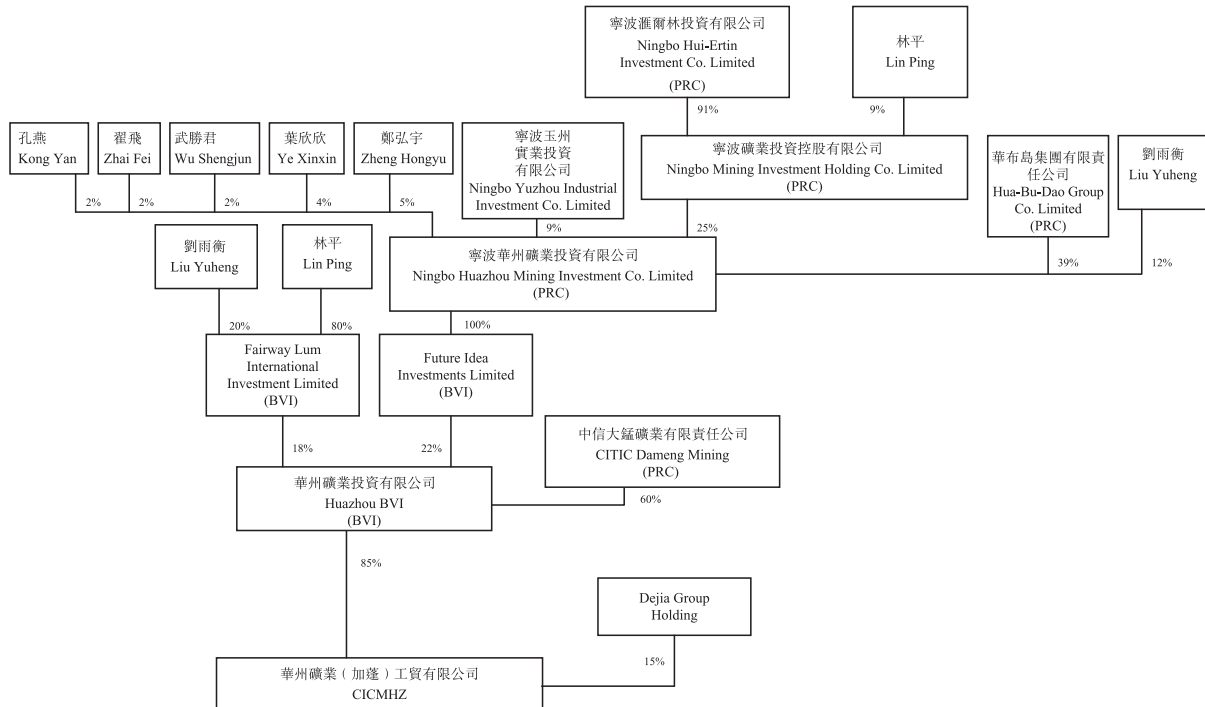
Subsequently, pursuant to an equity transfer agreement dated November 23, 2007 between CITIC Dameng Mining and Future Idea, Future Idea transferred a 60% shareholding interest in Huazhou BVI, which comprises 30,000 shares in Huazhou BVI, to CITIC Dameng Mining. The consideration for the said transfer amounted to US\$15,880,000 (approximately HK\$124,782,000, converted at historical exchange rates on payment dates), which is comprised of (i) the payment of US\$6,600,000 to Future Idea; and (ii) the interest-free shareholder loan of US\$3,460,000 on behalf of Future Idea to Huazhou BVI (the “Future Idea Shareholder Loan”); and (iii) a capital injection of US\$5,820,000 (approximately HK\$46,314,000, converted at historical exchange rate on payment date). The amount of US\$5,820,000 serves as the working capital of Huazhou BVI and is deemed to have been contributed by CITIC Dameng Mining, Future Idea and Fairway Lum in accordance with their respective shareholding ratio in Huazhou BVI, i.e. 60% (US\$3,492,000), 22% (US\$1,280,400) and 18% (US\$1,047,600). The amount of the consideration is determined by the parties through a series of negotiation, taking into account the following considerations: (a) the cost incurred and risks borne by Ningbo Huazhou Mining in obtaining the exploration and mining rights in Gabon; (b) the quantity of manganese reserve and the potential value of iron, lead and zinc in the area where Ningbo Huazhou Mining holds exploration and mining interests; and (c) the risks and liabilities to be undertaken by Ningbo Huazhou Mining in proceeding with the project in Gabon. As of the date of this prospectus, we paid the purchase price in full to Future Idea and made the capital injection to Huazhou BVI. The Future Idea Shareholder Loan will be repaid prior to the Listing out of the Group’s own funds and it will not constitute a continuing connected transaction of the Company. On May 31, 2009, Ningbo Huazhou Mining transferred its 15% equity interest in CICMHZ to Deji Group Holding. Deji Group Holding is an Independent Third Party incorporated in Gabon

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for the purpose of the acquisition of 15% equity interest in CICMHZ from Ningbo Huazhou Mining. The ultimate beneficial owners of Dejia Group Holding are several individuals who are Independent Third Parties and most of whom are Gabonese citizens. There is no state ownership in Dejia Group Holding. Dejia Group Holding will not participate in the management and/or operation of CICMHZ.

The current shareholding structure of CICMHZ is as follow:

Shareholding structure of CICMHZ and Huazhou BVI



Lin Yun Hua, representing Future Idea, and Lin Ping, representing Fairway Lum, respectively are the directors of Huazhou BVI. Apart from this, each of Ningbo Huazhou Mining, Ningbo Mining Investment, Future Idea and Fairway Lum is independent of our Company and its subsidiaries, their directors and substantial shareholders, and their respective associates. The other directors of Huazhou BVI are Li Weijian (李維健), Ma Shirong (馬詩鎔) and Nong Delian (農德連), these directors are appointed by and represent CITIC Dameng Mining on the board of Huazhou BVI. Apart from the board representation described above, Huazhou BVI also has three supervisors (監事) to oversee the management of the company. The three supervisors are Chen Jiqu (陳基球), Zhan Haiqing (詹海青) and Liu Yuheng (劉雨衡), with the former two supervisors representing CITIC Dameng Mining and Liu Yuheng representing Future Idea and Fairway Lum. Furthermore, CITIC Dameng Mining is represented by the following individuals who assume different duties and responsibilities as part of the senior management of Huazhou BVI and CICMHZ:

Huazhou BVI:

- (i) Ma Shirong (馬詩鎔), President (總經理); and
- (ii) Liu Xinhua (劉新華), Vice President and Chief Financial Officer (常務副總經理兼財務總監).

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CICMHZ:

- (i) Nong Delian (農德連), President (總經理);
- (ii) Li Zhaoming (黎兆明), Vice President (副總經理); and
- (iii) Ruan Zhaoyin (阮朝寅), Vice President (副總經理).

In addition, CITIC Dameng Mining has appointed representatives to assume chief responsibilities in the various departments in CICMHZ. The above arrangement enables CITIC Dameng Mining to maintain control over all levels of management and operation in both Huazhou BVI and CICMHZ and ensures that the operations of CICMHZ are conducted in the best interests of the Group.

The completion of such equity transfer was subject to CICMHZ's obtaining final mining rights to Bembélé Manganese Mine. Pursuant to the equity transfer agreement, the owner of final mining rights shall have the legal rights under Gabon laws and regulations to, among other things, explore, extract and dispose the minerals within the relevant area and shall have obtained a mining permit relating to the relevant area approved by relevant Gabon authorities and issued by the president of Gabon or his authorized official.

The Gabon government granted CICMHZ a mining permit for manganese relating to Bembélé Manganese Mine on December 5, 2007 and notified CICMHZ of such permit on August 1, 2008, upon which the mining permit became enforceable against the State of Gabon and CICMHZ pursuant to its terms. Our Directors are of the view that such permit constitutes final mining rights to Bembélé Manganese Mine as set out in the equity transfer agreement. Therefore, the acquisition of a 51% indirect equity interest in CICMHZ by CITIC Dameng Mining was completed on August 1, 2008. Since CICMHZ had not carried out any significant business transactions since its incorporation until August 1, 2008, CITIC Dameng Mining's acquisition of 51% indirect interest in CICMHZ was accounted as an asset acquisition.

Daxin Industrial

Daxin Industrial was established in the PRC on June 22, 2005 as a limited liability company with a total registered capital of RMB27,157,059. In November 2007, we acquired a 14.38% interest in Daxin Industrial from Sumitomo Corporation (China) Ltd., which decided to sell all its equity interest in Daxin Industrial before its responsible officer retired and left the PRC permanently for a consideration of RMB4,200,000 (HK\$4,885,993). Such consideration represented 14.38% of the total registered capital of RMB27,157,059 of Daxin Industrial with an interest payment in the sum of RMB295,886 (HK\$344,214). Seven individuals own 74.57% equity interests in total in Daxin Industrial, and Guangxi Dameng owns the other 11.05% equity interests. Among the seven individuals, four of them, who hold 68.77% interest in aggregate, are currently the employees of the Group; two of them, who own 5% interest together, are employed by Guangxi Dameng and its subsidiaries; and the remaining individual who owns 0.80% interest is an Independent Third Party. The authorized business scope of Daxin Industrial is the production and sale of sulfuric acid.

Guangxi Start

On August 8, 2006, the shareholders of Guangxi Start agreed to increase the registered capital of Guangxi Start by RMB10 million, which was wholly contributed by CITIC Dameng Mining in cash. Following the cash contribution, CITIC Dameng Mining's equity interest in Guangxi Start was increased from 50.98% to 71.17%.

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CITIC Dameng Mineral

CITIC Dameng Mineral was established in the PRC on February 1, 2008 as a limited liability company with a total registered capital of RMB50 million. We own 100% of the equity interest in CITIC Dameng Mineral. The authorized business scope of CITIC Dameng Mineral is investment in the mining industry and sales and distribution of mineral products and mining equipments.

Beibuwan New Materials

Beibuwan New Materials was established in the PRC on July 30, 2008, as a limited liability company with a total registered capital of RMB20 million. We own 100% of the equity interest in Beibuwan New Materials. The authorized business scope of Beibuwan New Materials includes, among other things, production and sale of manganese products.

Tiandong New Materials

Tiandong New Materials was established in the PRC on April 15, 2008, as a limited liability company with a total registered capital of RMB20 million. We own 100% of the equity interest in Tiandong New Materials. The authorized business scope of Tiandong New Materials includes, among other things, production and sale of manganese products.

Chongzuo New Materials

Chongzuo New Materials was established in the PRC on May 21, 2008, as a limited liability company with a total registered capital of RMB20 million. We own 100% of the equity interest in Chongzuo New Materials. The authorized business scope of Chongzuo New Materials includes, among other things, production and sale of manganese products.

Tiandeng New Materials

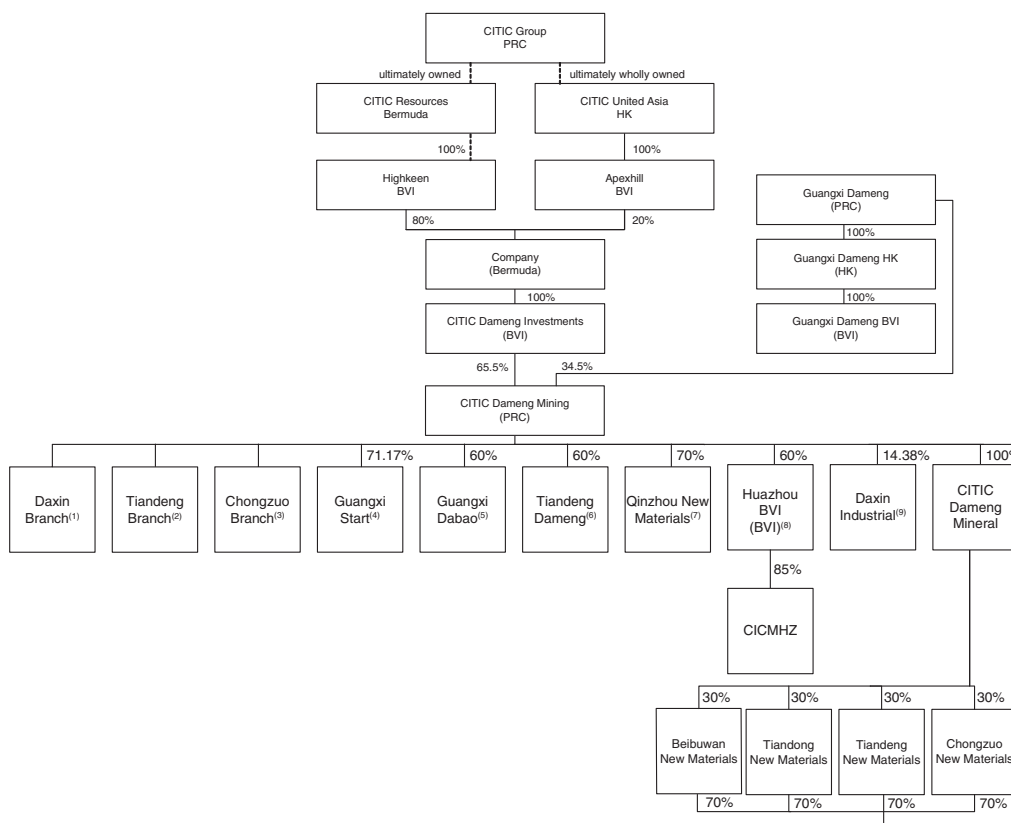
Tiandeng New Materials was established in the PRC on May 27, 2008, as a limited liability company with a total registered capital of RMB20 million. We own 100% of the equity interest in Tiandeng New Materials. The authorized business scope of Tiandeng New Materials includes, among other things, production and sale of manganese products.

Reorganization

In preparation for the Global Offering, our Company underwent the Reorganization, details of which are set out below. Following the completion of the Reorganization, our Company wholly-owns CITIC Dameng Mining indirectly, which in turn holds all of the operating subsidiaries and associates that are engaged in the manganese mining and processing business. We have obtained all relevant approvals for our restructuring transactions. For further details regarding our establishment and restructuring transactions, including the relevant governmental approvals we received, please refer to the Statutory and General Information in Appendix VII to this prospectus.

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The following chart sets out our corporate structure of principal subsidiaries immediately prior to the Reorganization (all percentages shown are approximate figures).



Notes:

- (1) Daxin Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Daxin Mine which involves the mining and processing of manganese.
- (2) Tiandeng Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Tiandeng Mine which involves the mining and processing of manganese.
- (3) Chongzuo Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Chongzuo Base.
- (4) Guangxi Xishan Mining Limited Company (廣西錫山礦業有限公司), which is principally engaged in mining business, holds 20.59% interest in Guangxi Start. It is held as to 76.28% by Pan Chuan Xing and 23.72% by Pan Chuan He. Pan Chuan Xing also acts as the vice president of the board of directors of, and the head of sales department for, Guangxi Start.
Jingxi Manganese Mine (靖西縣錳礦) holds 8.24% interest in Guangxi Start. It is a state-owned entity wholly owned by Jingxi local government and is principally engaged in mining business. Its factory manager is also the director of Guangxi Start.
- (5) Guangxi Daxin Bao Kang Ferroalloy Factory (廣西大新縣寶康鐵合金廠) holds 40% interest in Guangxi Dabao. This factory is wholly owned by Meng De Min who is the director of Guangxi Dabao.
- (6) Jiaying Yao Hua Commodity Trading Limited Company (嘉興市耀華物資貿易有限公司), which is principally engaged in trading business, holds 40% interest in Tiandeng Dameng. It is held as to 80.67% by Lu Ming Yao and 19.33% by Chen Chun Ping. Lu Ming Yao also acts as the vice president of the board of directors and general manager of Tiandeng Dameng.
- (7) Guangxi Qinzhou Port District Mingsheng Metallurgy Trading Company Limited (欽州市港區明盛冶金貿易有限公司), which is mainly engaged in trading business, holds 30% interest in Qinzhou New Materials. It is held as to 60% by Wen

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Shun Gui and 40% by Wu Cai He. Wen Shun Gui also acts as the vice president of the board of directors of Qinzhou New Materials.

- (8) Future Idea Investment Limited, which is a third party BVI company and wholly owned by Ningbo Huazhou Mining Investment Co. Limited, holds 22% interest in Huazhou BVI. Fairway Lum, which is a third party BVI company held as to 80% by Lin Ping and 20% by Liu Yuheng, holds 18% interest in Huazhou BVI. Lin Yun Hua, representing Future Idea Investment Limited, and Lin Ping, representing Fairway Lum, respectively are the directors of Huazhou BVI.

In relation to note (4) to (8) above, save as disclosed above, all the aforementioned minority shareholders (and their beneficial owners) of all non-wholly subsidiaries and associates of the Group are Independent Third Parties and do not have any roles and responsibilities in the management of these non-wholly owned subsidiaries and associates of the Group.

- (9) Guangxi Dameng holds 11.05% interest in Daxin Industrial, while the remaining 74.57% equity interest are held by seven individuals who are Independent Third Parties, their respective equity interests in Daxin Industrial are as follows: Li Jianwen (李建文) (41.99%), Liu Zhonglin (劉忠林) (24%), Liang Peijun (梁配軍) (4.26%), Nong Yongjun (農永軍) (2.04%), Li Fenqi (黎奮其) (0.80%), Xie Chengwei (謝成煒) (0.74%) and Pang Qingtian (龐慶添) (0.74%).

Our Reorganization mainly involved, among other things, the steps outlined below.

(1) Subscription of 34.5% shares in our Company by Guangxi Dameng BVI

On October 27, 2010, Guangxi Dameng BVI injected a total amount of HK\$556.1 million as a share capital injection into our Company. In return, our Company allotted and issued 1,460,535 shares of HK\$0.10 each to Guangxi Dameng BVI, all of which were fully paid up.

After this allotment, our Company was held as to 52.40% by Highkeen, 13.10% by Apexhill, and 34.50% by Guangxi Dameng BVI.

(2) Acquisition of 34.5% shares in CITIC Dameng Mining by CITIC Dameng Investments

CITIC Dameng Investments acquired 34.5% equity interest in CITIC Dameng Mining from Guangxi Dameng at the consideration of RMB463 million. On September 30, 2010, the registration of Guangxi Dameng's 34.5% equity interest in CITIC Dameng Mining was changed under the name of CITIC Dameng Investments. Upon completion of this acquisition, CITIC Dameng Mining was wholly owned by CITIC Dameng Investments and became a wholly foreign enterprise in the PRC.

For further details regarding our establishment and restructuring transactions, including the relevant governmental approvals we received, please refer to the Statutory and General Information in Appendix VII to this prospectus.

Proposed Spin-off of the Group from CITIC Resources

CITIC Resources and our Directors have concluded that the Group's business has grown to a size sufficient to command a separate listing and that such listing will be beneficial to the Retained Group and the Group for the following reasons:

- (a) the proposed spin-off will create the Company as a pure-play investment opportunity that will enable investors to better understand both CITIC Resources and the Company as separate entities. The strategic focus and critical success factors are different for the Company's business, manganese mining and processing, and CITIC Resources' business, energy and minerals with oil exploration and production as its largest business segment;

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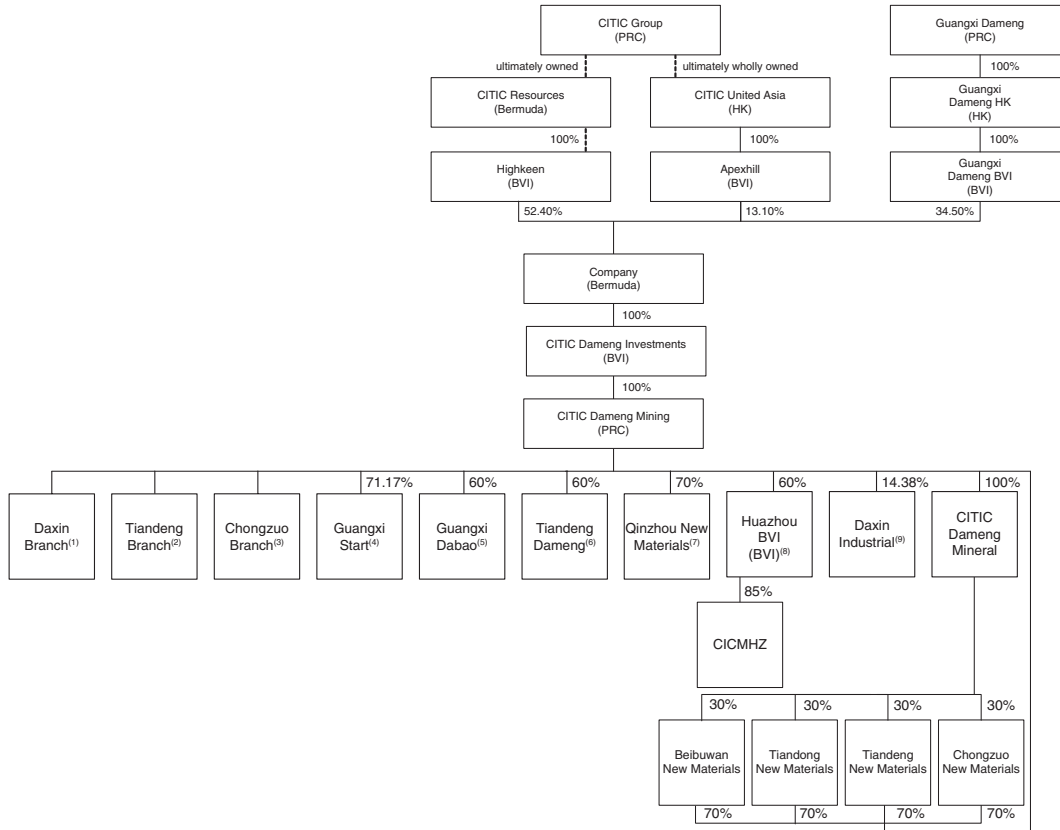
- (b) the proposed spin-off will allow both CITIC Resources and the Company to target their respective shareholder bases more effectively and improve capital allocation within each company;
- (c) the proposed spin-off will allow the management of both CITIC Resources and the Company to focus more effectively on their respective businesses and improve the Company's ability to recruit, motivate and retain key management personnel;
- (d) the proposed spin-off will provide greater aggregate debt capacity to both CITIC Resources and the Company, because there will be greater clarity for credit profiling by financial institutions who wish to extend credit or financing to CITIC Resources or the Company; and
- (e) the proposed spin-off will deliver greater shareholder value to shareholders of both CITIC Resources and the Company, because (i) the Company will enjoy enhanced flexibility to grow its business free of actual or perceived constraints as a subsidiary; (ii) the Company will enjoy increased ability to make acquisitions by using its stock as acquisition currency; and (iii) CITIC Resources will be able to enjoy greater shareholder value from the growth of the Company by holding a controlling interest over the Group.

The proposed spin-off by CITIC Resources has complied with the requirements of Practice Note 15 of the Listing Rules.

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CORPORATE STRUCTURE

The following chart sets out our corporate structure of principal subsidiaries as at the Latest Practicable Date:



Notes:

- (1) Daxin Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Daxin Mine which involves the mining and processing of manganese.
- (2) Tiandeng Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Tiandeng Mine which involves the mining and processing of manganese.
- (3) Chongzuo Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Chongzuo Base.
- (4) Guangxi Xishan Mining Limited Company (廣西錫山礦業有限公司), which is principally engaged in mining business, holds 20.59% interest in Guangxi Start. It is held as to 76.28% by Pan Chuan Xing and 23.72% by Pan Chuan He. Pan Chuan Xing also acts as the vice president of the board of directors of, and the head of sales department for, Guangxi Start.
Jingxi Manganese Mine (靖西縣錳礦) holds 8.24% interest in Guangxi Start. It is a state-owned entity wholly owned by Jingxi local government and is principally engaged in mining business. Its factory manager is also the director of Guangxi Start.
- (5) Guangxi Daxin Bao Kang Ferroalloy Factory (廣西大新縣寶康鐵合金廠) holds 40% interest in Guangxi Dabao. This factory is wholly owned by Meng De Min (蒙德敏) who is the director of Guangxi Dabao.
- (6) Jiaying Yao Hua Commodity Trading Limited Company (嘉興市耀華物資貿易有限公司), which is principally engaged in trading business, holds 40% interest in Tiandeng Dameng. It is held as to 80.67% by Lu Ming Yao (魯明耀) and 19.33% by Chen Chun Ping (陳春平). Lu Ming Yao also acts as the vice president of the board of directors of Tiandeng Dameng.
- (7) Guangxi Qinzhou Port District Mingsheng Metallurgy Trading Company Limited (欽州市港區明盛冶金貿易有限公司), which is mainly engaged in trading business, holds 30% interest in Qinzhou New Materials. It is held as to 60% by Wen

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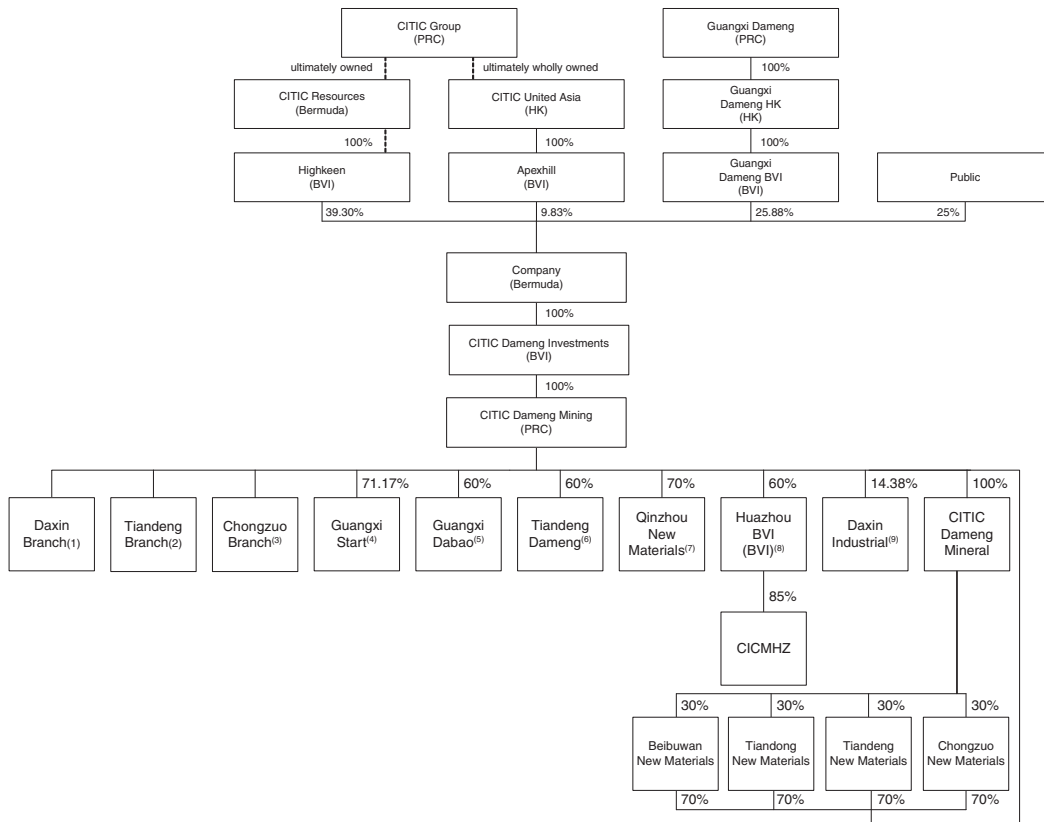
Shun Gui (文順貴) and 40% by Wu Cai He. Wen Shun Gui also acts as the vice president of the board of directors of Qinzhou New Materials.

- (8) Future Idea Investment Limited, which is a third party BVI company and wholly owned by Ningbo Huazhou Mining Investment Co. Limited, holds 22% interest in Huazhou BVI. Fairway Lum, which is a third party BVI company held as to 80% by Lin Ping and 20% by Liu Yuheng, holds 18% interest in Huazhou BVI. Lin Yun Hua (林雲華), representing Future Idea Investment Limited, and Lin Ping (林平), representing Fairway Lum, respectively are the directors of Huazhou BVI.

In relation to note (4) to (8) above, save as disclosed above, all the aforementioned minority shareholders (and their beneficial owners) of all non-wholly subsidiaries and associates of the Group are Independent Third Parties and do not have any roles and responsibilities in the management of these non-wholly owned subsidiaries and associates of the Group.

- (9) Guangxi Dameng holds 11.05% interest in Daxin Industrial, while the remaining 74.57% equity interest are held by seven individuals who are Independent Third Parties, their respective equity interests in Daxin Industrial are as follows: Li Jianwen (李建文) (41.99%), Liu Zhonglin (劉忠林) (24.0%), Liang Peijun (梁配軍) (4.26%), Nong Yongjun (農永軍) (2.04%), Li Fenqi (黎奮其) (0.80%), Xie Chengwei (謝成煒) (0.74%) and Pang Qingtian (龐慶添) (0.74%).

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



Notes:

- (1) Daxin Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Daxin Mine which involves the mining and processing of manganese.
- (2) Tiandeng Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Tiandeng Mine which involves the mining and processing of manganese.

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- (3) Chongzuo Branch is a branch of CITIC Dameng Mining and is not a separate legal entity. It is mainly engaged in the operation of Chongzuo Base.
- (4) Guangxi Xishan Mining Limited Company (廣西錫山礦業有限公司), which is principally engaged in mining business, holds 20.59% interest in Guangxi Start. It is held as to 76.28% by Pan Chuan Xing and 23.72% by Pan Chuan He. Pan Chuan Xing also acts as the vice president of the board of directors of, and the head of sales department for, Guangxi Start.
- Jingxi Manganese Mine (靖西縣錳礦) holds 8.24% interest in Guangxi Start. It is a state-owned entity wholly owned by Jingxi local government and is principally engaged in mining business. Its factory manager is also the director of Guangxi Start.
- (5) Guangxi Daxin Bao Kang Ferroalloy Factory (廣西大新縣寶康鐵合金廠) holds 40% interest in Guangxi Dabao. This factory is wholly owned by Meng De Min who is the director of Guangxi Dabao.
- (6) Jiaying Yao Hua Commodity Trading Limited Company (嘉興市耀華物資貿易有限公司), which is principally engaged in trading business, holds 40% interest in Tiandeng Dameng. It is held as to 80.67% by Lu Ming Yao and 19.33% by Chen Chun Ping. Lu Ming Yao also acts as the vice president of the board of directors and general manager of Tiandeng Dameng.
- (7) Guangxi Qinzhou Port District Mingsheng Metallurgy Trading Company Limited (欽州市港區明盛冶金貿易有限公司), which is mainly engaged in trading business, holds 30% interest in Qinzhou New Materials. It is held as to 60% by Wen Shun Gui and 40% by Wu Cai He. Wen Shun Gui also acts as the vice president of the board of directors of Qinzhou New Materials.
- (8) Future Idea Investment Limited, which is a third party BVI company and wholly owned by Ningbo Huazhou Mining Investment Co. Limited, holds 22% interest in Huazhou BVI. Fairway Lum, which is a third party BVI company held as to 80% by Lin Ping and 20% by Liu Yuheng, holds 18% interest in Huazhou BVI. Lin Yun Hua, representing Future Idea Investment Limited, and Lin Ping, representing Fairway Lum, respectively are the directors of Huazhou BVI.
- In relation to note (3) to (8) above, save as disclosed above, all the aforementioned minority shareholders (and their beneficial owners) of all non-wholly subsidiaries and associates of the Group are Independent Third Parties and do not have any roles and responsibilities in the management of these non-wholly owned subsidiaries and associates of the Group.
- (9) Guangxi Dameng holds 11.05% interest in Daxin Industrial, while the remaining 74.57% equity interest are held by seven individuals, their respective equity interests in Daxin Industrial are as follows: Li Jianwen (李建文) (41.99%), Liu Zhonglin (劉忠林) (24%), Liang Peijun (梁配軍) (4.26%), Nong Yongjun (農永軍) (2.04%), Li Fenqi (黎奮其) (0.80%), Xie Chengwei (謝成煒) (0.74%) and Pang Qingtian (龐慶添) (0.74%).

Assuming that the Over-allotment Option is exercised in full, Highkeen, Apexhill, and Guangxi Dameng, through Guangxi Dameng BVI, will own 37.88%, 9.47% and 24.94%, respectively, of our Shares.

For further details regarding our subsidiaries, please refer to the section headed “Further Information About Our Company — Changes in share capital or registered capital of the subsidiaries” of the Statutory and General Information in Appendix VII to this prospectus.

GOVERNING PRC LAWS FOR REORGANIZATION AND LISTING

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM and the China Securities Regulatory Commission, or CSRC, promulgated the Provisions on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. Articles 6 and 10 of the M&A Rules require that mergers and acquisitions of domestic enterprises by foreign investors be approved by the MOFCOM or its counterparts at the provincial level. In addition, Article 40 of the M&A Rules requires that the offshore special purpose vehicle which proposes to acquire shares of or equity interests in the PRC companies in exchange for the shares of offshore companies for listing purposes and which is controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the

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CSRC prior to the listing and trading of such offshore special purpose vehicle's securities on an overseas stock exchange.

Our PRC legal advisers have advised us that the M&A Provisions are not applicable to the steps in Reorganization and that the Listing does not require CSRC's approval because (i) CITIC Dameng Investments is a BVI company substantially controlled by CITIC Resources and CITIC United Asia; (ii) CITIC Dameng Investments is not deemed as a related party of Guangxi Dameng under the applicable PRC laws and regulations; (iii) CITIC Dameng Mining was established as a foreign invested entity, or FIE, with CITIC Dameng Investments holding 60% interest and Guangxi Dameng holding the other 40% interest; (iv) the consideration for the acquisition by CITIC Dameng Investments of Guangxi Dameng's 34.5% interest in CITIC Dameng Mining will be paid in cash instead of shares of offshore companies. Particularly, our PRC legal advisers have advised us that the Provisions on Changes in Equity Interest of Investors in Foreign Investment Enterprises (《外商投資企業投資者股權變更的若干規定》), or Provisions on Change of Investors in FIE, should govern the relevant steps in Reorganization, including the acquisition by CITIC Dameng Investments of Guangxi Dameng's 34.5% interest in CITIC Dameng Mining.

Provisions on Change of Investors in FIE stipulate the requirements and procedure for changes in equity interest of investors in FIEs. Our PRC legal advisers have advised us that the term "changes in equity interest of investors in foreign investment enterprises" shall refer to changes in the investors or their shares in Sino-foreign equity joint ventures, Sino-foreign co-operative joint ventures or wholly foreign-owned enterprises established in China under PRC laws and regulations, including the situation, among others, when (i) the equity interest of an FIE is assigned through an agreement between the investors of the FIE; (ii) an investor in the FIE assigns its equity interest to its affiliate or another assignee with the consent of all other investors; (iii) the registered capital of the FIE is adjusted through an agreement between the investors in the FIE, resulting in a change in the equity interests of all the investors; (iv) an investor in the FIE, with the consent of all the other investors, pledges its equity interest to a creditor, and the pledgee or beneficiary acquires such equity interest in accordance with the provisions of the law or the stipulations of the contract; (v) an investor in the FIE becomes bankrupt, dissolved, abolished, closed down or deceases, or its successor, creditor or other beneficiary acquires the equity interest of such investor according to law; (vi) an investor in the FIE is merged or divided, and its successor after the merger or division inherits the equity interest of the original investor according to law; or (vii) an investor in the FIE fails to perform its obligation to contribute capital as prescribed in the contract and articles of association and, with the approval of the original examination and approval authority, the investor is replaced or the equity interest changed. During the Reorganization, CITIC Dameng Investments will acquire from Guangxi Dameng its 34.5% interest in CITIC Dameng Mining, and our PRC legal advisers have advised us that the Provisions on Change of Investors in FIE should govern this step of transaction. We will comply with all the relevant requirements listed the Provisions on Change of Investors in FIE upon the completion of the acquisition. Our PRC legal advisers have advised us that the proposed steps in the Reorganization and the proposed shareholding structure upon the completion of Reorganization are lawful under the applicable PRC laws and regulations.

As Guangxi Dameng is a wholly PRC state-owned limited liability company, the Provisional Measures for the Administration of the Transfer of State-owned Assets and Equity in Enterprises (企業國有產權轉讓管理暫行辦法) should govern the relevant steps in Reorganization, including the acquisition by CITIC Dameng Investments of Guangxi Dameng's 34.5% interest in CITIC Dameng Mining. According to the Provisional Measures for the Administration of the Transfer of State-owned Assets and Equity in Enterprises, before Guangxi Dameng transfers its 34.5% interest in CITIC Dameng Mining to CITIC Dameng Investment by the way of agreement, Guangxi Dameng should obtain the approval of Guangxi SASAC. Furthermore, the assets evaluation of the 34.5%

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interest should be carried out when doing this transfer. The report of evaluation being filed with Guangxi SASAC can be treated as the reference to the price of share transfer. Unless approved by Guangxi SASAC, the price of the share transfer should not be lower than 90% of the result of the evaluation.

According to Article 2 of the Notice of the State Council regarding Further Strengthening the Administration of Overseas Issuance and Listing of Shares by Joint Stock Companies (《國務院關於進一步加強在境外發行股票和上市管理的通知》), or the Notice of Overseas Listing, issued by the State Council on June 20, 1997, if Chinese-funded non-listed companies registered outside China and Chinese-funded listed companies registered outside China apply for the issue and listing of shares outside China by using assets that they own outside China and those assets inside China which are formed from the investment in China of their assets outside China and which they have actually owned for not less than three years, the matter shall be handled in accordance with local law; however, the domestic units that hold the share rights in the Chinese-funded controlling shareholders shall obtain the prior consent of the provincial-level PRC Government or the relevant competent authority of the State Council, according to its subordinate relationship. Following the completion of the listing activity, the domestic units that hold the share rights in the Chinese-funded controlling shareholder shall file the relevant information with CSRC for record.

The assets on which our Company's contemplated listing is the 100% equity interest in CITIC Dameng Mining, and the substantial equity interest has been held by our Company for no less than three years. Our PRC legal advisers have advised us that the listing of our Company should be governed by the Hong Kong laws and does not require the approval of CSRC. Our PRC legal advisers have also advised us that CITIC Dameng Mining has obtained consent from CITIC Group and Guangxi provincial government regarding the Listing. Following the completion of the Listing, Guangxi Dameng and CITIC Group shall file the relevant information with CSRC for record.