

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Corporation**

Our Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on July 18, 2005. Our Company has been registered in Hong Kong under Part XI of the Companies Ordinance as a non-Hong Kong company. Our principal place of business in Hong Kong is at Suites 3501-02 Bank of America Tower No. 12 Harcourt Road, Central Hong Kong. In compliance with the requirements of the Companies Ordinance, Qiu Yiyong and Tian Yuchuan have been appointed as the authorized representative of our Company for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

As our Company was incorporated in Bermuda, we operate subject to the Companies Act and subject to its constitutional documents, which comprise the Memorandum and the Bye-Laws. A summary of our Company's constitutional documents and certain aspects of Bermuda company law is set out in Appendix VI to this prospectus.

2. Changes in share capital of our Company

As of the date of our incorporation, the authorized share capital of our Company was HK\$100,000 divided into 1,000,000 Shares. On July 21, 2005, 800,000 Shares and 200,000 Shares, were allotted and issued nil-paid by our Company to Highkeen and Apexhill respectively.

On June 30, 2010, the authorized share capital of our Company was increased to HK\$500,000 divided into 5,000,000 Shares by the creation of an additional 4,000,000 Shares.

On June 30, 2010, payment of the par value thereof having been received, our Company credited as fully paid at par the 800,000 Shares and 200,000 Shares which were allotted and issued nil-paid by our Company to Highkeen and Apexhill on July 21, 2005.

On June 30, 2010, our Company allotted and issued to Highkeen 509,592 Shares at an issue price of HK\$369 per Share in satisfaction of the shareholder loans in an aggregate amount of HK\$188,040,000 owing by our Company to Highkeen. On the same date, our Company further allotted and issued to Highkeen 650,408 Shares at an issue price of HK\$369 per Share in consideration of the assignment of the CRH 2009 Loan to our Company by CITIC Resources.

On June 30, 2010, our Company allotted and issued to Apexhill 127,398 Shares at an issue price of HK\$369 per Share in satisfaction of the shareholder loans in an aggregate amount of HK\$47,010,000 owing by our Company to Apexhill. On the same date, our Company further allotted and issued to Apexhill 162,602 Shares at an issue price of HK\$369 per Share in consideration of the assignment of the Apexhill 2009 Loan to our Company by Apexhill.

On August 2, 2010, our Company allotted and issued to Highkeen 258,320 Shares at an issue price of HK\$262 per Share in satisfaction of the shareholder loans in an aggregate amount of HK\$67,680,000 owing by our Company to Highkeen.

On August 2, 2010, our Company allotted and issued to Apexhill 64,580 Shares at an issue price of HK\$262 per Share in satisfaction of the shareholder loans in an aggregate amount of HK\$16,920,000 owing by our Company to Apexhill.

On October 27, 2010, our Company allotted and issued to Guangxi Dameng BVI 1,460,535 Shares at a subscription price of RMB463.3 million.

Save as disclosed in this prospectus, there is no present intention to issue any of the authorized but unissued share capital of our Company, and no issue of Shares which would effectively alter the control of our Company will be made without the prior approval of members in a general meeting.

Save as disclosed herein and in the section headed “Written Resolutions of our Company’s shareholders passed on October 26, 2010” below, there has been no alteration in our Company’s share capital since our incorporation.

3. Changes in share capital or registered capital of the subsidiaries

The subsidiaries of our Company are listed in the Accountants’ Report set out in Appendix I to this prospectus. The following alterations in the share or registered capital of the subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus:

(a) CITIC Dameng Mining

On August 19, 2005, CITIC Dameng Mining was established jointly by CITIC Dameng Investments and Guangxi Dameng as a sino-foreign equity joint venture in the PRC with a registered capital of RMB500,000,000. At the time of Guangxi Dameng Mining’s establishment, CITIC Dameng Investments and Guangxi Dameng entered into the Joint Venture Contract on August 2, 2005, pursuant to which Guangxi Dameng agreed to contribute RMB200,000,000 (approximately HK\$192,300,000) to the registered capital of CITIC Dameng Mining by transferring to CITIC Dameng Mining certain business assets in exchange for a 40% equity interest in CITIC Dameng Mining. At the same time, CITIC Dameng Investments agreed to contribute to the registered capital of CITIC Dameng Mining by way of cash in the amount of RMB300,000,000 (approximately HK\$288,500,000) in exchange for a 60% equity interest in CITIC Dameng Mining.

On April 8, 2009, CITIC Dameng Investments invested RMB255.8 million (by way of cash) as additional capital injection into CITIC Dameng Mining. Subsequent to the capital injection, CITIC Dameng Investments’ shareholding in CITIC Dameng Mining increased to 65.5% from the original 60% and Guangxi Dameng’s shareholding in CITIC Dameng Mining was diluted to 34.5% from the original 40%.

On October 27, 2010, CITIC Dameng Investments acquired the 34.5% shares in CITIC Dameng Mining from Guangxi Dameng Mining at the consideration of the issue of 1,460,535 Shares by our Company to Guangxi Dameng BVI. Subsequent to the share transfer, CITIC Dameng Investments owns the entire equity interest in CITIC Dameng Mining.

4. Written resolutions of our Company’s shareholders passed on October 26, 2010

Pursuant to written resolutions of our Company’s shareholders passed on October 26, 2010:

- (a) our Company conditionally approved and adopted the Bye-laws;
- (b) the authorized share capital of our Company was increased from HK\$500,000 to HK\$1,000,000,000 by the creation of 9,995,000,000 new Shares;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Offer Shares as mentioned in this prospectus and such listing and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the Offer Price having been duly determined and the execution and delivery of the International Purchase Agreement on or around the Price Determination Date; and (iii) the obligations of the Underwriters under each of the Underwriting Agreements having

become unconditional (including, if relevant, as a result of the waiver of any conditions thereunder by the Joint Bookrunners, on behalf of the Underwriters) and such obligations have not been terminated in accordance with the terms of the respective Underwriting Agreements or otherwise, in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than the date that is 30 days after the date of this prospectus,

- (A) the Global Offering was approved and the Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering;
 - (B) conditional on the share premium account of our Company being credited as a result of the issue of Offer Shares by our Company pursuant to the Global Offering, the allotment and issue of 2,245,766,565 Shares to the shareholders, by capitalizing an amount of HK\$224,576,656.5 standing to the credit of the share premium account of our Company (the “Capitalization Issue”) were approved, and the Directors were authorized to allot and issue such Shares pursuant to the Global Offering and the Capitalization Issue;
 - (C) conditional on the Listing Committee of Hong Kong Stock Exchange granting listing of and permission to deal in the Shares to be issued pursuant to the Share Option Scheme, the rules of the Share Option Scheme were approved and adopted and the Directors were authorized to grant options to subscribe for Shares thereunder and allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
- (c) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of any dividend on Shares in accordance with the Bye-laws or the Global Offering, Shares with an aggregate nominal amount not exceeding the sum of:
- (1) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue; and
 - (2) the aggregate nominal amount of the share capital of our Company which may be repurchased by our Company pursuant to the authority granted to the Directors as referred to in paragraph (d) below. Such mandate will expire until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Bye-laws or the Companies Act or any other applicable Bermuda law to be held, or the passing of an ordinary resolution by the shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first;
- (d) a general unconditional mandate was given to the Directors authorizing them to exercise all powers of our Company to repurchase the Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and recognized by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws, with an aggregate nominal amount of

not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Bye-laws or the Companies Act or any other applicable Bermuda law to be held, or the passing of an ordinary resolution by the shareholders of our Company in general meeting revoking or varying the authority given to the Directors, whichever occurs first; and

- (e) the extension of the general mandate to allot, issue or agree conditionally or unconditionally to be allotted or issued with Shares to include the nominal amount of Shares which may be repurchased pursuant to paragraph (d) above.

5. Corporate reorganization

The companies in the Group underwent a reorganization in preparation for the Listing. For details of the reorganization, please refer to the section headed “Corporate Structure and History — Reorganization” in this prospectus.

6. Repurchase of our Company’s own securities

This section includes information relating to the repurchase of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning the repurchase.

(a) Relevant legal and regulatory requirements in Hong Kong

The Listing Rules permit shareholders to grant a general mandate to the directors of a company to repurchase shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by shareholders in general meeting.

(b) Shareholders’ approval

All the proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

(c) Number of Shares which may be repurchased

The exercise in full of the Repurchase Mandate, on the basis of 300,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalization Issue, could accordingly result in up to 30,000,000 Shares being repurchased by our Company during the period prior to (i) the conclusion of the next annual general meeting of our Company; (ii) the date by which the next annual general meeting of our Company is required by the Bye-laws or the Companies Act or any other applicable Bermuda law to be held; or (iii) the ordinary resolution by the shareholders of our Company in a general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(d) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and our shareholders for the Directors to have general authority from the shareholders of our Company to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or the earnings per Share of our Company and will only be made when the Directors believe that such repurchases will benefit our Company and our shareholders.

(e) Source of funds

Repurchases by our Company must be funded out of funds legally available for such purpose in accordance with the Bye-laws, the applicable laws and regulations of the Bermuda and the Listing Rules. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange, as amended, from time to time. Any repurchases by our Company shall be made out of the capital paid up on the Shares to be repurchased or out of the funds of our Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase and in the case of any premium payable on a repurchase, out of funds of our Company which would otherwise be available for dividend or distribution or out of our Company's share premium account before the shares are repurchased.

(f) Impact of repurchase

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Group.

(g) Directors' intention to sell shares

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention, in the event that the Repurchase Mandate is exercised, to sell any Shares to our Group.

(h) Directors' undertakings

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands and Hong Kong.

(i) Takeovers Code

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

(j) Share repurchase made by our Company

No repurchase of Shares has been made by our Company since our incorporation.

(k) Connected parties

No connected person of our Company has notified us that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (1) a capital increase agreement dated February 2, 2009 entered into between CITIC Dameng Investments and Guangxi Dameng for an increase of RMB79.7 million in the registered capital of CITIC Dameng Mining as more particularly set out in the section headed “Corporate Structure and History — Our Establishment and Restructuring — Establishment of CITIC Dameng Mining” of this prospectus.
- (2) a subscription agreement dated August 12, 2010 entered into between our Company and Guangxi Dameng BVI for the issue and subscription of 1,460,535 shares of our Company at a consideration of approximately RMB463.3 million as more particularly set out in the section headed “Corporate Structure and History — Our Establishment and Restructuring — Reorganization” of this prospectus.
- (3) a placing agreement dated November 1, 2010 entered into among our Company, the Joint Bookrunners and Gaoling Fund, L.P. for such number of Shares as may be purchased with an amount of US\$80 million at the Offer Price, details of which are set out in the section headed “Corporate Placing” of this prospectus.
- (4) a deed of tax indemnity dated November 3, 2010 given by Highkeen, Apexhill and Guangxi Dameng in favor of our Company pursuant to which Highkeen, Apexhill and Guangxi Dameng provide taxation indemnities for the benefits of our Group.
- (5) a right of first refusal agreement dated November 3, 2010 entered into between our Company and Guangxi Dameng as more particularly set out in the section headed “Relationship with CITIC Group and Guangxi Dameng” of this prospectus.
- (6) a deed of non-competition dated November 3, 2010 given by CITIC Resources in favor of our Company regarding the non-competition undertakings as more particularly set out in the section headed “Relationship with CITIC Group and Guangxi Dameng” of this prospectus.
- (7) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Company

(1) Patents

As of the Latest Practicable Date, we are the owner of certain registered patent rights, details of which are as follows:

<u>Patent</u>	<u>Registrant(s)</u>	<u>Place of Registration</u>	<u>Registration Number</u>	<u>Application Date</u>	<u>Publication Date</u>
Heat Recovery Technology and Equipment to Reduction by Micro-Sintering of Manganese Oxide Ore	CITIC Dameng Mining Industries Limited	PRC	ZL200610124617.X	September 21, 2006	December 2, 2009
Rotary Kiln Direct Electric Furnace	CITIC Dameng Mining Industries Limited; Li Zhigang	PRC	ZL200920164764.9	October 27, 2009	June 23, 2010
A Process for Pyrolusite Leaching	CITIC Dameng Mining Industries Limited	PRC	ZL2006101224005.5	September 21, 2006	January 14, 2009

As of the Latest Practicable Date, we are in the process of applying for the registration of certain patent rights, details of which are as follows:

<u>Patent</u>	<u>Applicant(s)</u>	<u>Place of Application</u>	<u>Application Number</u>	<u>Application Date</u>
A Method for Processing Reducibility Detrimental Impurities in the Electrolytic Manganese Metal Solution	CITIC Dameng Mining Industries Limited	PRC	200910113959.5	April 3, 2009
A Method for the Preparation of Ti-Mn-diffusion Titanium Positive Plate for Electrolytic Manganese Dioxide	CITIC Dameng Mining Industries Limited; Hunan Taiyang New Material Co., Ltd.	PRC	200910114465.9	October 10, 2009
A Method for the Production of Low-Sodium Electrolytic Manganese Dioxide	CITIC Dameng Mining Industries Limited	PRC	201010183376.2	May 26, 2010
A Method for the Prevention of Oil Leakage of Worm Gear Reducer	CITIC Dameng Mining Industries Limited	PRC	201010183379.6	May 26, 2010

(2) Trademarks

As of the Latest Practicable Date, we are the owner of certain registered trademarks, details of which are as follows:

<u>Trademark</u>	<u>Registrant</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Expiration Date</u>
CCDM	CITIC Dameng Mining Industries Limited	PRC	6	6926703	May 20, 2020
斯达特	Guangxi Start Manganese Materials Co., Ltd.	PRC	6	6190004	January 6, 2020

As of the Latest Practicable Date, we are in the process of applying for the registration of certain trademarks, details of which are as follows:

<u>Trademark</u>	<u>Applicant</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Application Number</u>	<u>Application Date</u>
CCDM	CITIC Dameng Mining Industries Limited	PRC	1	6926697	August 29, 2008
START	Guangxi Start Manganese Materials Co., Ltd.	PRC	6	6190005	July 27, 2007
DAMENG	CITIC Dameng Holdings Limited	Hong Kong	1,6,9,35,37,42	301700667	August 27, 2010
大錳	CITIC Dameng Holdings Limited	Hong Kong	1,6,9,35,37,42	301700676	August 27, 2010






As of the Latest Practicable Date, our Group had the right to use the following trademarks pursuant to the trademark license deed dated October 29, 2010 entered into between our Company and CITIC Group:

<u>Trademarks</u>	<u>Registrant</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Trademark Number</u>	<u>Next Renewal Date</u>
CITIC	CITIC Group	Hong Kong	5, 9, 12, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45	300495856	September 14, 2015
CITIC	CITIC Group	PRC	1	3491402	September 27, 2015
CITIC	CITIC Group	PRC	2	3491358	November 27, 2014
CITIC	CITIC Group	PRC	3	3491359	April 6, 2015
CITIC	CITIC Group	PRC	4	3491360	December 6, 2014
CITIC	CITIC Group	PRC	5	3491361	May 13, 2015
CITIC	CITIC Group	PRC	6	3491400	August 13, 2014

<u>Trademarks</u>	<u>Registrant</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Trademark Number</u>	<u>Next Renewal Date</u>
CITIC	CITIC Group	PRC	7	3491401	August 6, 2014
CITIC	CITIC Group	PRC	8	3491399	September 20, 2014
CITIC	CITIC Group	PRC	9	3491398	October 20, 2014
CITIC	CITIC Group	PRC	10	3491362	September 6, 2014
CITIC	CITIC Group	PRC	11	3491397	October 27, 2014
CITIC	CITIC Group	PRC	12	3491396	September 20, 2014
CITIC	CITIC Group	PRC	13	3491363	August 20, 2014
CITIC	CITIC Group	PRC	14	3491364	October 27, 2014
CITIC	CITIC Group	PRC	15	3491365	June 6, 2015
CITIC	CITIC Group	PRC	16	3491394	February 6, 2015
CITIC	CITIC Group	PRC	17	3491366	December 27, 2014
CITIC	CITIC Group	PRC	18	3491367	March 27, 2015
CITIC	CITIC Group	PRC	19	3491395	January 27, 2015
CITIC	CITIC Group	PRC	20	3491393	February 6, 2015
CITIC	CITIC Group	PRC	21	3491392	December 13, 2014
CITIC	CITIC Group	PRC	22	3491368	January 13, 2015
CITIC	CITIC Group	PRC	23	3491369	February 6, 2015
CITIC	CITIC Group	PRC	24	3491391	April 20, 2015
CITIC	CITIC Group	PRC	25	3491390	March 27, 2015
CITIC	CITIC Group	PRC	26	3491389	January 13, 2015
CITIC	CITIC Group	PRC	27	3491370	January 6, 2015
CITIC	CITIC Group	PRC	28	3491388	March 13, 2015
CITIC	CITIC Group	PRC	29	3491387	August 13, 2014
CITIC	CITIC Group	PRC	30	3491386	September 6, 2014
CITIC	CITIC Group	PRC	31	3491371	March 13, 2014
CITIC	CITIC Group	PRC	32	3491372	July 27, 2014
CITIC	CITIC Group	PRC	33	3491373	September 6, 2014

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

<u>Trademarks</u>	<u>Registrant</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Trademark Number</u>	<u>Next Renewal Date</u>
CITIC	CITIC Group	PRC	34	3491374	March 13, 2014
CITIC	CITIC Group	PRC	35	3491385	October 6, 2014
CITIC	CITIC Group	PRC	36	3491384	March 6, 2015
CITIC	CITIC Group	PRC	37	3491383	February 27, 2015
CITIC	CITIC Group	PRC	38	3491382	December 27, 2014
CITIC	CITIC Group	PRC	39	3491381	December 27, 2014
CITIC	CITIC Group	PRC	40	3491380	October 6, 2014
CITIC	CITIC Group	PRC	41	3491379	September 6, 2014
CITIC	CITIC Group	PRC	42	3491378	May 13, 2015
CITIC	CITIC Group	PRC	43	3491377	January 13, 2015
CITIC	CITIC Group	PRC	44	3491376	May 6, 2016
CITIC	CITIC Group	PRC	45	3491375	October 6, 2019
	CITIC Group	PRC	35	777052	February 6, 2015
	CITIC Group	PRC	36	769135	October 6, 2014
	CITIC Group	PRC	38	777639	February 13, 2015
	CITIC Group	PRC	40	775740	January 13, 2015
	CITIC Group	PRC	41	778204	February 20, 2015

Save as aforesaid, there are no other trademarks, service marks, design patents, other intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and/or short positions of the Directors and chief executives in the share capital of our Company and its associated corporations following the Global Offering and the Capitalization Issue

Immediately following the completion of the Global Offering and the Capitalization Issue (but taking no account of any Shares which may be taken up under the Global Offering), the interests and/or short positions of the Directors and chief executives of our Company in the Shares, underlying Shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

Long position in the shares of our Company and/or associated corporation:

Name of company	Name of Director	Capacity and number of shares held			Number of equity derivatives (options) held	Approximate percentage of total share capital
		Personal interest	Family interest	Corporate interest		
CITIC Resources Holding Limited . . .	Mi Zengxin	—	—	—	10,000,000 options	0.17%

(b) Interests and/or short positions of the substantial shareholders in the Shares which are disclosable under Divisions 2 and 3 of Part XV of the SFO

Immediately following the completion of the Global Offering and the Capitalization Issue, so far as the Directors are aware, the following persons (not being a Director or a chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(1) Long position in the Shares of our Company:

<u>Substantial shareholder</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding⁽¹⁾</u>
Highkeen	Beneficial owner	1,179,000,000	39.30%
CITIC Resources ⁽²⁾	Interest in a controlled corporation	1,179,000,000	39.30%
Keentech Group Limited ⁽³⁾	Interest in a controlled corporation	1,179,000,000	39.30%
Apexhill	Beneficial owner	294,000,000	9.83%
CITIC United Asia	Interest in a controlled corporation	294,000,000	9.83%
CITIC Projects Management (HK) Limited	Interest in a controlled corporation	1,473,000,000	49.13%
CITIC Group ⁽⁴⁾	Interest in a controlled corporation	1,473,000,000	49.13%
Guangxi Dameng BVI	Beneficial owner	776,250,000	25.88%
Guangxi Dameng HK ⁽⁵⁾	Interest in a controlled corporation	776,250,000	25.88%
Guangxi Dameng ⁽⁶⁾	Interest in a controlled corporation	776,250,000	25.88%

Notes:

- (1) The relevant percentages have been calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that no Shares will be issued pursuant to the Share Option Scheme or the Over-allotment Option and that 3,000,000,000 Shares will be in issue on the Listing Date.
- (2) Highkeen is a wholly-owned subsidiary of CITIC Resources.
- (3) Keentech Group Limited is a direct wholly-owned subsidiary of CITIC Projects Management (HK) Limited.
- (4) The interest includes 1,179,000,000 Shares controlled by CITIC Resources and 294,000,000 Shares or 9.83% of the interest in our Company controlled by Apexhill through CITIC Projects Management (HK) Limited, a subsidiary of CITIC Group.
- (5) Guangxi Dameng BVI is a wholly-owned subsidiary of Guangxi Dameng HK, which in turn is wholly-owned by Guangxi Dameng.
- (6) Guangxi Dameng is a PRC state-owned enterprise.

(c) Negative statements regarding interests in securities

None of the Directors or Chief Executive Officer will immediately following the completion of the Global Offering (assuming that the Over-allocation Option is not exercised) have any disclosure interests (as referred to in (a) above), other than as disclosed at (a) above.

Taking no account of Shares which may be taken up under the Global Offering, none of the Directors knows of any persons who will immediately following the completion of the Global Offering (assuming that the Over-allocation Option is not exercised) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (b) above.

2. Particulars of Directors' service agreements and letters of appointment

Each of the Executive Directors has entered into a service agreement with our Company for an initial term of three years, commencing from October 26, 2010 to October 25, 2013 (subject to termination in certain circumstances as stipulated in the relevant service agreement).

Pursuant to the service agreements, the director's fees of our Executive Directors are as follows:

<u>Director</u>	<u>Remuneration (per annum)</u> HK\$'000
Qiu Yiyong	200
Li Weijian	200
Tian Yuchuan	2,540

In addition, each of our Executive Directors is fully reimbursed for all reasonable out-of-pocket expenses reasonably incurred in the course of his employment under the relevant service agreements.

Each of the Non-executive Directors has signed a letter of appointment with our Company for an initial term of three years, commencing from October 26, 2010 to October 25, 2013 (subject to termination in certain circumstances as stipulated in the relevant letters of appointment). The annual remuneration payable to each of our Non-executive Directors under the relevant letters of appointment is as follows:

<u>Director</u>	<u>Remuneration (per annum)</u> HK\$'000
Mi Zengxin	200
Yin Ke	200
Chen Jiqu	200

In addition, each of the Non-executive Directors is fully reimbursed for all reasonable out-of-pocket expenses incurred in discharging his duties on production of appropriate proofs of payment.

Each of the Independent Non-executive Directors has signed a letter of appointment with our Company for an initial term of three years commencing from October 26, 2010 to October 25, 2013 (subject to termination in certain circumstances as stipulated in the relevant letters of appointment). The annual remuneration payable to each of our Independent Non-executive Directors under the relevant letters of appointment is as follows:

<u>Director</u>	<u>Remuneration (per annum)</u> HK\$'000
Yang Zhe Jie	200
Mo Shijian	200
Tan Zhuzhong	200

In addition, each of the Independent Non-executive Directors is fully reimbursed for all reasonable out-of-pocket expenses incurred in discharging his duties on production of appropriate proofs of payment.

Save as disclosed in this prospectus, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding

agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

For the year ended December 31, 2009, the aggregate amounts of remuneration (including fee, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors was nil.

Under arrangements in force at the date of this prospectus, the aggregate remuneration payable to and benefits in kind received by the Directors, excluding any discretionary bonus payable to the Directors, are estimated to be approximately HK\$0.8 million in respect of the year ending December 31, 2010.

Our Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, performance and the time devoted to the business of our Group.

Same as disclosed in this prospectus, no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of our Company.

4. Agency fees or commission

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

5. Related party transactions

During the two years immediately preceding the date of this prospectus, our Company has engaged in dealings with certain Directors and their associates as described in note 31 to the "Notes to the Financial information" section of the Accountants' Report set out in Appendix I to this prospectus.

D. DISCLAIMERS

Save as disclosed in this prospectus:

- (a) the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately after completion of the Global Offering, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (b) none of the Directors nor any chief executive of our Company has any interest or a short position in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be

entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed;

- (c) none of the Directors nor any of the parties whose names are listed in the section headed “Qualification of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of the Directors nor any of the parties whose names are listed in the section headed “Qualification of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company’s business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph “Qualification of experts” in this Appendix:
 - (1) is interested legally or beneficially in any securities of any member of our Group; or
 - (2) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save as referred to above, there are no existing or proposed service agreements or letters of appointment (excluding agreements or letters of appointment expiring or terminable by any member of our Group within one year without payment of compensation other than statutory compensations) between any member of our Group and our Directors;
- (g) none of the Directors or their associates or any shareholder of our Company who to the knowledge of the Directors owns more than 5% of the issued share capital of our Company has any interest in the five largest suppliers of our Company or the top five customers of our Company; and
- (h) taking no account of Shares which may be taken up under the Global Offering, none of the Directors knows of any person (not being a Director or chief executive of our Company) who will immediately following the completion of the Global Offering be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

E. SHARE OPTION SCHEME

We believe in incentivizing, retaining and rewarding employees, and attracting new talent, through share-based incentives which will align their interests with that of our Company. To this end, we have decided to launch the Share Option Scheme.

Summary of principal terms of the Share Option Scheme

The Share Option Scheme was approved by written resolutions of our Company’s shareholders dated October 26, 2010 and its implementation is conditional on the Listing. The options granted under the Share Option Scheme do not give immediate ownership of the underlying shares as they require payment of subscription price based on the then prevailing market price of the Shares after Listing.

For the purpose of this section only, unless the context otherwise requires the following words shall have the following meanings:

“Date of Grant”	in respect of an Option, the Business Day on which the Board resolves to make an offer to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the Share Option Scheme;
“Offer”	the offer of the grant of the Option;
“Option”	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
“Participants”	directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. In determining the eligibility of the Participants, the Board will, in its sole discretion, consider, as applicable, such person’s performance, contribution to the Group’s operation and/or financial results and contribution to the development of the Group;

The Share Option Scheme contains the following terms:

(a) Purpose

The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) Who may join

On and subject to the terms of the Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at a price calculated in accordance with paragraph (d) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the

Share Option Scheme has been terminated or after the Participant to whom the Offer is made has ceased to be a Participant. An Offer is deemed to be accepted when the Company receives from the Grantee the offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things (i) the minimum period for which an Option must be held before it can be exercised; (ii) a performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. In determining such terms, the Board will, in its sole discretion, consider, as applicable, such person's performance, contribution to the Group's operation and/or financial results and contribution to the development of the Group. As at the Adoption Date, there is no minimum period specified by the Board for which an Option must be held before it can be exercised and there is no general performance target imposed by the Board that must be reached before the Option can be exercised in whole or in part.

(c) Grant of Options to connected persons or their associates

Any grant of Options to any director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of the Company or any of its Subsidiaries shall be subject to the prior approval of the Independent Non-executive Directors of the Company (excluding Independent Non-executive Directors who are the proposed Grantees in question). Where any grant of Options to a substantial shareholder or an Independent Non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (1) representing an aggregate over 0.1% of the Shares in issue on the date of such grant; and
- (2) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favor of the resolution at such general meeting of the Shareholders.

(d) Subscription price

The subscription price for Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (1) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (2) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (3) the nominal value of the Shares.

(e) Maximum number of Shares

- (1) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and options under any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and all options under any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and options granted under any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Share Mandate Scheme.

- (2) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:
 - (i) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such shareholders' approval is sought; and
 - (ii) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (3) Subject to paragraph (4) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option schemes of the Company other than those options granted pursuant to specific approval by the Shareholders in general meeting) exceed 1% of the Shares in issue for the time being (the "Individual Limit").
- (4) Where any grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options (and any options under any other share option scheme of the Company) granted and to be granted to such person (including Options and any other options exercised, lapsed, cancelled and outstanding) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(f) Maximum number of Options

At any time, the maximum number of Shares which may be issued upon the exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and

options under any other share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time (the “Scheme Limit”).

(g) Time of exercise of Option

Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof, an Option may be exercised by the Grantee in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board to each Grantee, at the time of making an Offer which shall not expire later than 10 years from the Date of Grant.

(h) Rights are personal to Grantees

An Option shall be personal to the Grantee and shall not be assignable or transferrable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Option.

(i) (1) Rights on termination of Employment

- (i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangement or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or any other ground on which an employer would be entitled to terminate his employment summarily, his Option shall lapse automatically (to the extent not already exercised) and not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part, but Shares have not been allotted to him, the Grantee shall be deemed not to have exercised such Option and the Company shall return to the Grantee the amount of the subscription price for the Shares received by the Company in respect of the purported exercise of such Option.
- (ii) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of such employment (which date shall be the Grantee’s last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

(2) Right on death

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (i)(1)(i) above has arisen, his legal personal representative(s) may exercise the Option up to the Grantee’s entitlement as at the date of death (to the extent not already exercised) within a period of twelve months following the date of his death.

(j) Effect of Alterations to Share Capital

In the event of any alteration to the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of the Company in accordance with legal requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction), the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the aggregate number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option,

provided that:

- (a) any such adjustments shall give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled; and
- (b) any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to Share Option Schemes),

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial adviser or our auditors must confirm to the Directors in writing that the adjustments are in their opinion fair and reasonable.

(k) Rights on a General Offer by Way of Takeover

In the event of a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

(l) Rights on a General Offer by Way of Scheme of Arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent specified in such notice.

(m) Rights on Winding Up

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily

wind up the Company, the Company shall forthwith give notice thereof to all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of fully paid Shares to the Grantee which fall to be issued on exercise of such Option.

(n) Rights on a Compromise or Arrangement

In the event a compromise or arrangement (other than a scheme of arrangement) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

(o) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Memorandum of Association and Bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with the fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which the Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(p) Rights attaching to the Options

The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

(q) Period of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date.

(r) Alterations to the Share Option Scheme

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(s) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to:

- (1) the passing of the resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorize the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;
- (2) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting approval of the listing of and permission to deal in a maximum of 300,000,000 Shares to be allotted and issued pursuant to the exercise of any Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date); and
- (3) the commencement of dealing in Shares on the Main Board of the Stock Exchange.

(t) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of the periods referred to in paragraphs (i), (m) or (n) above respectively;
- (3) the expiry of the period referred to in paragraph (k) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the offer;
- (4) subject to the scheme of arrangement becoming effective, the expiry of the period for exercising the Option as referred to in paragraph (l) above;
- (5) the date of the commencement of the winding-up of the Company;
- (6) the date on which the Grantee ceases to be a Participant as referred to in paragraph (i)(1) (i);
- (7) the date on which the Grantee commits a breach by selling, transferring, changing, mortgaging, encumbering or creating any interest in favor of any third party over or in relation to any Option; and
- (8) subject to paragraph (i)(1)(ii), the date the Grantee ceases to be a Participant for any other reason.

(u) Termination of the Share Option Scheme

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

(v) Restriction on Grant of Option

In addition, a grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(w) Cancellation

Any Options granted but not exercised may be cancelled if the Participant so agrees.

F. OTHER INFORMATION**1. Tax indemnity**

Highkeen, Apexhill and Guangxi Dameng have entered into a deed of tax indemnity with and in favor of our Company (for itself and as trustee of its subsidiaries) (being the contract referred to in paragraph (5) of the sub-section headed "Summary of material contracts" in this Appendix) to provide indemnities on a several basis (and not jointly) basis in proportion of their respective shareholding interests in the Company, in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which any member of our Company may be subject and payable on or before the date when the Global Offering becomes unconditional.

2. Litigation

Save as disclosed in this prospectus, no member of our Group is engaged in any material litigation, arbitration, claim of material importance or administrative proceedings. So far as the Directors are aware, no such litigation, arbitration or administrative proceedings are pending or threatened or against our Group, that would have a material adverse effect on the results of operations or financial condition of our Group.

3. Preliminary expenses

The preliminary expenses are estimated to be approximately HK\$43,300 and are payable by our Company.

4. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue, the Offer Shares and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme.

The Joint Sponsors are independent of our Company pursuant to Rule 3A.07 of the Listing Rules.

5. No material adverse change

Save as disclosed in this prospectus, the Directors believe that there has been no material adverse change in our Group's financial or trading position or prospects since June 30, 2010 (being the date on which the latest audited consolidated financial statements of our Group was made up).

6. Binding effect

This prospectus will have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

7. Shares will be eligible for CCASS

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein.

All necessary arrangements have been made enabling the Shares to be admitted into the CCASS, which is established and operated by the HKSCC.

8. Compliance Adviser

Our Company has appointed Guotai Junan Capital Limited as the compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

9. Marketing Consultant

In connection with the Global Offering, we have engaged AME Mineral Economics (Hong Kong) Limited and Chinese Iron & Steel Research Institute Group to conduct detailed analysis of the end-product markets which are applicable to our Company.

10. Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

<u>Name of Expert</u>	<u>Qualification</u>
UBS AG, Hong Kong Branch	Registered institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading service) and type 9 (asset arrangement) regulated activities as defined under the SFO
Merrill Lynch Far East Limited	Deemed registered institution under the SFO registered for type 1 (dealing in securities), type 4 (advising on securities) and, type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) as defined under the SFO. It is also a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Ernst & Young	Certified public accountants
SRK	Independent technical consultant
AME Mineral Economics (Hong Kong) Limited	Marketing consultant
Chinese Iron & Steel Research Institute Group	Marketing consultant
Jones Lang LaSalle Sallmanns Limited	Property valuer
Jingtian & Gongcheng	PRC legal advisers
Conyers Dill & Pearman	Bermuda barristers and attorneys
Cabinet Delta	Gabon legal advisers

11. Consents of experts

Each of the experts referred to in paragraph 10 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates (as the case may be) and/or the references to its name included herein in the form and context in which they are respectively included.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Consultation with professional advisers

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. None of our Company, the Joint Sponsors, the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering

accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, Shares.

14. Miscellaneous

(a) Save as disclosed in this prospectus:

- (1) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (2) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (3) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (4) none of the equity or debt securities of our Group is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (5) our Company has no outstanding convertible debt securities or debentures;
- (6) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
- (7) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company or any of our subsidiaries.

(b) Save as disclosed in the Accountants' Report in Appendix I to this prospectus, our Company has no material mortgage or charge.

(c) The register of members of our Company will be maintained in Bermuda by Codan Services Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents in title of Shares must be lodged for registration with and registered by, our Company's Hong Kong Share Registrar and may not be lodged in the Bermuda.

15. Promoter

Our Company has no promoter.