This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information which may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Shares are summarised in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Shares.

BUSINESS MODEL

Our Group is principally engaged in the business of mining, ore processing and sale of the concentrates products in the PRC. Copper concentrates and iron concentrates are our core commodities which, in aggregate, contributed approximately 75.0%, 77.7% and 69.6% of our total concentrates sales for the three years ended 31 December 2011, respectively.

Production

Currently, we, through our wholly-owned subsidiaries, own the entire equity interest in Yifeng Wanguo which in turn owns the Xinzhuang Mine that has a production system separated into a mining system and a processing system. Our Group does not conduct any open pit mining and only conducts underground mining. Mining capacity refers to the capability of the mining system to produce ore under normal operation conditions while processing capacity refers to the capability of the processing system to treat the ore produced from the mining system under normal operation conditions. Currently, the Xinzhuang Mine is covered by a mining licence issued by the Department of Land and Resources of Jiangxi Province valid until April 2032 covering an aggregate area of 3.7692 km^2 pursuant to which we can conduct underground mining for copper, lead, zinc and iron ores at a rate of 600,000 tpa. As at 31 December 2011, we had a mining capacity of approximately 300,000 tpa and a processing capacity of approximately 400,000 tpa.

Third-party Contractors

To minimise costs, we outsource our underground mining works to third-party contractors. Since 2008, Wenzhou No.2, an Independent Third Party contractor holding a Grade II Construction Qualification for Mining (礦山工程施工總承包貳級證書) issued by the Department of Construction of Zhejiang Province, has been engaged as our third-party contractor for carrying out our underground mining works. Yifeng Wanguo will conduct a tender each year in selecting the third-party contractor for underground mining works in the future. For further details, please refer to the section headed "Business – Mining – Third-party Contractors" on pages 130 to 131 of this prospectus.

Mineral Resources and Reserves

We have engaged Behre Dolbear Asia, Inc., an internationally reputable mining consultant and an Independent Third Party, to evaluate the resources and reserves at the Xinzhuang Mine in accordance with the JORC Code and prepare the Independent Technical Expert's Report. The Independent Technical Expert confirms that defined mineral resources and ore reserves reviewed in the Independent Technical Expert's Report are contained within the limits of our mining licence.

The following tables, which are extracted from Tables 6.2 and 6.3 as contained in the Independent Technical Expert's Report, the text of which has been set out in Appendix V to this prospectus, provide information on the resources and reserves of the Xinzhuang Mine as at 31 December 2011 under the JORC Code.

The Xinzhuang Mine Mineral Resource Summary – as at 31 December 2011

JORC Mineral Resource Category	Tonnage	Cu	Pb	Zn	TFe	mFe
		Contained Metals				
	kt	*kt*	*kt*	*kt*	*kt*	*kt*
Measured	11,008	59.08	21.51	111.88	1,096	790
Indicated	19,929	107.73	47.60	103.74	1,686	1,116
Subtotal	**30,937**	**166.81**	**69.12**	**215.62**	**2,782**	**1,907**
Inferred	1,577	6.34	1.41	15.52	141	99
Total	**32,514**	**173.14**	**70.52**	**231.14**	**2,922**	**2,006**

The Xinzhuang Mine Ore Reserve Summary – as at 31 December 2011

JORC Ore Reserve Category	Tonnage	Cu	Pb	Zn	TFe	mFe
		Contained Metals				
	kt	*kt*	*kt*	*kt*	*kt*	*kt*
Proved	9,104	45.71	15.12	78.80	1,005	862
Probable	9,480	48.68	17.02	44.37	797	663
Total	**18,584**	**94.39**	**32.14**	**123.17**	**1,802**	**1,525**

For a description of the categories of measured, indicated and inferred mineral resources under the JORC Code and the level of confidence attributable to each category, you should refer to the section headed "The JORC Code" on pages 25 to 26 of this prospectus.

All of the ore reserves are included within the mineral resource statements under the JORC Code.

Historical and Forecast Operating Costs for the Xinzhuang Mine

The table below, which is extracted from Table 11.1 in the Independent Technical Expert's Report, the text of which has been set out in Appendix V to this prospectus, sets forth a summary of the historical and forecast operating costs for the Xinzhuang Mine for the periods indicated.

Item	2009	2010	2011	2012	2013	2014
		Historical			Forecast	
Total Operating Cost						
(RMB/t of milled ore)	279.42	316.79	357.34	308.9	299.7	291.4
(US$/t of milled ore)	44.35	50.28	56.72	49.04	47.58	46.25
Total Production Cost						
(RMB/t of milled ore)	305.27	350.16	393.75	339.31	327.05	321.04
(US$/t of milled ore)	48.46	55.58	62.50	53.86	51.91	50.96

The Independent Technical Expert believes that the operating cost forecasts are generally reasonable and achievable provided that there are no significant inflation and labour cost increase as inflation factors and cost increase for labours are not considered in the unit operating cost forecast while these factors have contributed significantly for the cost increase for the last three years. For further details, please refer to the section headed "11.0 Operating Costs" of the Independent Technical Expert's Report on pages V-57 to page V-60 of this prospectus.

Expansion Plan

We plan to undergo an expansion plan for our mining and ore processing facilities, when completed, are expected to have a mining capacity and a processing capacity of both 600,000 tpa since 2014. According to the Independent Technical Expert's Report, as at 31 December 2011, the reserves at the Xinzhuang Mine were estimated to be sufficient for production at the planned long-term production rate of 600,000 tpa for approximately 31 years. The ore reserve mine life based on the production rate of 300,000 tpa, as at 31 December 2011, is estimated to be approximately 61.9 years. The planned reserve depletion rate is equivalent to our planned production rate. We plan to focus on the production of copper concentrates and iron concentrates as our core commodities by expanding our production at the Xinzhuang Mine under the expansion plan. Our expansion plan is subject to, among other things, the approvals from the relevant government authorities for our operations pursuant to our expansion plan and to increase the mining and ore processing capacity. You should refer to the section headed "Business – Our Expansion Plan" on pages 134 to 136 of this prospectus for further details.

SALES BREAKDOWN BY PRODUCTS

The following table sets forth the sales of concentrates and other ore commodities by product categories for the year ended 31 December 2009, 2010 and 2011.

	Year ended 31 December					
	2009		2010		2011	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of concentrates:						
Copper concentrates*(Note 1)*	36,379	42.0	88,490	43.3	114,937	38.7
Iron concentrates	28,532	33.0	52,197	25.5	68,453	23.1
Zinc concentrates*(Note 2)*	9,502	11.0	10,773	5.3	21,307	7.2
Sulfur concentrates	1,177	1.4	8,166	4.0	28,897	9.7
Gold in copper concentrates*(Note 1)*	4,663	5.4	9,609	4.7	12,503	4.2
Silver in copper and zinc concentrates*(Note 1 and 2)*	6,262	7.2	11,943	5.8	17,311	5.9
Sub-total	86,515	100.0	181,178	88.6	263,408	88.8
Sales of other ore commodities*(Note 3)*	–	–	23,250	11.4	33,329	11.2
TOTAL	86,515	100.0	204,428	100.0	296,737	100.0

Notes:

1. Revenue attributable to copper represents the revenue of our copper concentrates sale. Gold and silver contained in copper concentrates were sold as by-products together with the copper concentrates to the customers and additional fees were charged for the amount of gold and silver contained in the concentrates.

2. Revenue attributable to zinc represents the revenue of our zinc concentrates sale. Silver in zinc concentrates was sold as by-products together with the zinc concentrates to the customers and additional fees were charged for the amount of silver contained in the concentrates.

3. Trading of other ore commodities represents trading of ingots of lead, zinc and aluminium. Since 2010, Yifeng Wanguo has engaged in the metal ingots trading business in which it purchased metal ingots (including ingots of lead, zinc and aluminium) from trading enterprises and subsequently resold them. For details, please refer to the section headed "Business – Other Business" on page 158 of this prospectus.

OUR CUSTOMERS

With a view to developing stable relationship with our customers, during the Track Record Period and in 2012, our strategy was to enter into sale agreements with our customers. We target to enter into sale agreements with longer term with our existing customers to maintain stable and long term customer relationship and enter into sale agreements with shorter term with new customers to avoid uncertainty and maintain flexibility. We generally enter into sale agreements with our customers in the first quarter of a year. The term of those sale agreements entered into during the Track Record Period ranged from one month to 15 months. In addition, in 2012, we further entered into the Three-year Agreements with some of our major customers to secure our sale stability. Since the beginning of 2012 and up to the Latest Practicable Date, we had entered into 12 sale agreements, 10 of which will continue after Listing. As advised by our PRC Legal Advisers, the sale agreements above are legally binding on the relevant parties. The major terms set out under the above sale agreements include the pricing policy for our concentrates products and the delivery mechanism. Under the above sale agreements, the quantity of products to be sold by us to our customers (i) is unspecified and to be agreed with our customers separately at each transaction; or (ii) has been fixed for each month of the year, or specified but can be adjusted appropriately; or (iii) has been pre-determined with a specific annual minimum purchase volume. Under the sale agreements as referred to under (ii) above, both of us and the customers have the right to request for an adjustment and the parties will negotiate on the adjustment on a case-by-case basis or with reference to our actual production volume. Our Directors confirm that, in the event that the volume of our products could not meet the volume set out in the agreements in a particular monthly transaction, we would negotiate with our customers to adjust the sale volume accordingly. Our Directors also confirm that, during the Track Record Period, there was no dispute between us and our customers during the negotiation of the above adjustment.

In order to further secure our sale stability and to maintain long term relationship with our customers, in 2012, we began to enter into the Three-year Agreements with some of our major customers such that the sale quantity to them has been pre-determined with a specific annual minimum purchase volume for the period between 2012 and 2014 (these agreements fall into the category (iii) above) while the actual sale quantity of each sale transaction is subject to negotiation by the parties. As advised by our PRC Legal Advisers, under the agreements, our customers are under an obligation to purchase a minimum quantity of products from us annually (which may be further increased by us upon notification in writing), failing which would result in a breach of the agreement by the customer, while there is no liability on us if we supply at a lower level upon notification in advance. If the customers request to purchase a quantity of products exceeding the annual minimum purchase volume, it would be subject to further negotiation by the parties. Given the commodity market is highly volatile and in line with common industry practice, the actual unit sale price of our products at each sale transaction is subject to negotiation and adjustment based on factors including the then market price of the respective metals in the concentrates quoted on the domestic public domains or the then market price of the concentrates, the grade of concentrates and the complexity in extracting the relevant minerals contained in the concentrates as discussed in the section headed "Business – Sale of Products – Pricing policy" in this prospectus. In December of each year, the parties will negotiate on the terms such as pricing mechanism, quality standard, delivery mechanism and payment method for the subsequent year. During the first half of 2012, we had entered into the Three-year Agreements with customers including our five largest customers for the year ended 31 December 2011. Our PRC Legal Advisers confirm that all terms of the Three-year Agreements such as annual minimum sale quantity, pricing mechanism, agreement period, quality standard, delivery mechanism and payment method are legally binding while the actual unit sale price and sale quantity at each transaction are subject to negotiation and adjustment as discussed above.

Based on our unaudited management accounts, for the four months ended 30 April 2012, we recorded an aggregate revenue of approximately RMB98.1 million from the above three types of sale agreements, approximately RMB84.4 million of which was attributable to agreements as referred to under (iii) above. For further details, please refer to the section headed "Business – Sale of Products – Our customers" on pages 141 to 143 of this prospectus.

The table below summarises the details of our sale to our five largest customers for the year ended 31 December 2011, which are domestic enterprises engaged in mineral trading business, and the details of the sale agreements we entered into with them in 2012.

	For the year ended 31 December 2011				2012 to 2014
Customers ranking (in terms of sales amount)	**Revenue** *RMB'000*	**Percentage of our total revenue** *%*	**Years of relationship**	**Product type**	**Annual minimum quantity to be purchased by customer**
1	112,560	37.9	Three	Copper concentrates	2,000t of copper in copper concentrates (actual sale quantity in 2011: 1,846t)
2	53,498	18.0	One	Copper concentrates and zinc concentrates	2,000t of zinc in zinc concentrates (actual sale quantity in 2011: 2,330t)
3	29,934	10.1	Four	Iron concentrates	20,000t of iron concentrates (actual sale quantity in 2011: 35,455t)
4	27,222	9.2	Two	Iron concentrates	20,000t of iron concentrates (actual sale quantity in 2011: 30,597t)
5	15,063	5.1	Four	Sulfur concentrates	30,000t of sulfur concentrates (actual sale quantity in 2011: 36,685t)

If the quantity of products to be sold by us has been specified in the above sale agreements under the terms as set out in categories (ii) and (iii) above, our Group can claim damages from the relevant customers by commencing legal actions at courts if they eventually do not purchase the specified quantity of products (subject to adjustment in (ii) above) from us, such damages should include the loss of our Group actually caused by such customers' breach of contract and the specific compensation amount (if any) set out in the sale agreements. However, if the quantity of products to be sold by us to our customers is unspecified under the sale agreements, our Group cannot claim damages from the relevant customers if they eventually do not purchase any products from us after entering into the sale agreements with us. Our Directors are of the view that the salient terms of the above sale agreements including pricing mechanism are in line with industry standard.

The table below summarises the breakdown of our revenue from sales of concentrates for the three years ended 31 December 2011 in respect of sale quantity determination method:

	Year ended 31 December					
	2009		**2010**		**2011**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sale quantity determination method						
Quantity of products is unspecified and to be agreed separately at each transaction	38,965	45.0	85,250	47.1	124,358	47.2
Quantity of products has been fixed for each month of the year, or specified but can be adjusted appropriately	44,856	51.8	95,928	52.9	139,050	52.8
Quantity of products has been pre-determined with a specific annual minimum purchase amount*(Note)*	–	–	–	–	–	–
One-off ad-hoc sale	2,694	3.2	–	–	–	–
Total	86,515	100.0	181,178	100.0	263,408	100.0

Note: We did not enter into sale agreements with a pre-determined specific annual minimum purchase volume for our products during the Track Record Period. We began to enter into such agreements with our customers in 2012.

As a result of our policy of entering into the above sale agreements for a significant portion of our production, we generally made our sales to a limited number of customers during the Track Record Period. Our top five customers are mineral trading and brokerage enterprises which direct us to deliver our products to smelters directly or generally resell our products for further processing. For the three years ended 31 December 2011, revenue attributable to our top five customers together accounted for approximately 97.3%, 81.5% and 80.3% of our total revenue, respectively, while the largest customer accounted for approximately 55.1%, 41.6% and 37.9% of our total revenue, respectively. Until 31 December 2011, we have developed three years of relationship with our largest customer during the Track Record Period. We have developed an average of approximately 2, 2 and 3 years of relationship with our top five customers ranging from 1 to 2, 1 to 3, and 1 to 4 years of relationship for the three years ended 31 December 2011 as at the end of the respective period. As at the Latest Practicable Date, none of our Directors, their respective associates or any Shareholders (who to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers during the Track Record Period. Our Directors have confirmed that our top five customers were and are all Independent Third Parties.

With reference to information available to the public of various companies engaged in the mining industry and listed on the Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange, our Directors are of the view that it is not an uncommon industry practice to rely on a few major customers. We strive to enhance our customer relationship by maintaining regular contact with our customers in respect of the quality of our products and our customers' satisfaction. We would request our clients to complete questionnaire in relation to our products and services regularly so that we could receive regular feedback from them in order to maintain our quality standard and monitor our customers' satisfactory level in general. During the Track Record Period, our mining capacity and processing capacity were occupied by the orders placed by our major customers to a substantial extent as these purchase orders were usually quite large. Our Directors are of the view that maintaining a close and stable relationship with our major customers together with the fact that a substantial quantity of our products being sold to them would enhance our bargaining power during price negotiation with them. In order to further expand our customer network and diversify our customer base, our plan is to expand our existing mining capacity and processing capacity to accommodate orders from new customers.

To further enhance our effort to explore new business opportunities, we have entered into five non-binding memoranda of understanding separately with various companies engaged in smelting and mineral trading business, pursuant to which we may further negotiate and develop business relationship with them for our concentrates sales. These potential customers include companies within the group of reputable state-owned enterprises engaged in smelting and mineral trading business and companies listed on the stock exchanges in the PRC. We would review our progress of negotiation with them based on our business needs. In particular, in the event that we lose any of our major customers, we would proceed to engage in more substantive negotiation with the above potential customers pursuant to the memoranda of understanding in order to minimise such impact.

For details of our effort in exploring new business opportunities, you should refer to the section headed "Business – Sale of Products – Our customers" on pages 141 to 143 of this prospectus.

PRICING POLICY

The current pricing mechanism under the Three-year Agreements and sale agreements entered into during the Track Record Period in general is set out below.

In respect of copper concentrates and zinc concentrates

Since domestic public domains and exchanges providing transparent market price as reference for copper, zinc, silver and gold are available in the PRC, each of our Three-year Agreements (and sale agreements entered into during the Track Record Period in general) would set out the basis of calculation for the unit sale price for each sale transaction by making reference to the market price quoted on the public domains and exchanges (i.e. copper prices quoted on the Shanghai Future Exchange, zinc prices quoted on the SMM and the Shanghai Future Exchange, gold prices quoted on the Shanghai Gold Exchange and silver prices quoted on the Shanghai White Platinum & Silver Exchange) at the time of the transaction.

Under the Three-year Agreements (and sale agreements entered into during the Track Record Period in general), the unit sale price for each sale transaction would be set at the then market price of the respective mineral quoted on the above public domain at the time of each sale transaction, after deducting a certain discount. The extent of discount applied will depend on, among others, the particular type of concentrate and the grade of the concentrates and in cases of gold and silver, the amount of gold or silver contained in the concentrates, the then market price of the respective metal content quoted on the public domain, and the complexity in extracting the relevant minerals contained in the concentrates. The discount essentially represents the treatment fee being (i) the profit and cost of our customers, being mineral trading and brokerage enterprises for trading the concentrates, plus (ii) the profit and cost of downstream enterprises for further processing the concentrates into the respective metal as end products. During the Track Record Period, the discount ranged from 11.3% to 23.2% of the market prices for copper, 31.3% to 46.2% of the market prices for zinc, 13.9% to 25.2% of the market prices for gold, and 22.9% to 30.1% of the market prices for silver contained in copper concentrates. Due to the complexity for extracting silver from zinc concentrates by the smelters, instead of offering a discount to the market price quoted on the public domain at the time of each sale transaction which is similar to the pricing mechanism of the above metals, silver contained in zinc concentrates was sold at a fixed unit price which was significantly lower than the prices of the silver contained in copper concentrates determined pursuant to our sale agreements in general during the Track Record Period. Sales generated from silver contained in zinc concentrates were attributable to approximately 0.17%, 0.05% and 0.07% of our total revenue for each of the three years ended 31 December 2011.

In respect of iron concentrates and sulfur concentrates

Unlike copper concentrates and zinc concentrates where market price references in public domains are available in the PRC for the respective mineral content therein as tradable end products after processing, there is no similar domestic public domain as transparent market price reference in respect of iron concentrates and sulfur concentrates.

Under the Three-year Agreements (and those sale agreements entered into during the Track Record Period in general), the parties will agree on the unit sale price for the concentrates at each transaction separately for iron concentrates and sulfur concentrates with reference to the then market price of the respective concentrates. The parties will negotiate under an arm's length basis for the sale of the concentrates. Our Directors confirm that our Group will determine the prices of iron concentrates and sulfur concentrates with reference to local benchmarks such as domestic concentrate prices provided by research companies, selling prices quoted by other third-party domestic mines in the near-by region as well as the purchase prices of certain smelters obtained through our communications with them and the grade of concentrates sold at the time.

For further details, you should refer to the section headed "Business – Sale of Products – Pricing policy" on pages 143 to 144 of this prospectus.

OTHER BUSINESS

In 2010, Yifeng Wanguo started to engage in the metal ingots trading business in which it purchased metal ingots (including ingots of lead, zinc and aluminium) from trading enterprises and subsequently resold them. The Group entered into the metal ingots trading business in 2010 because it had idle cash at that time and intended to explore new business opportunities. Our Directors confirmed that our final purchase of metal ingots was conducted in September 2011 and we have not purchased additional ingots since then and will cease the metal ingots trading business once our existing metal ingots inventories are sold as our Directors consider that it would be more favourable for our Group to focus in our business of mining and ore processing given the low profit margin in the metal ingots trading business. For details, please refer to the section headed "Business – Other Business" on page 158 of this prospectus.

RISK FACTORS

There are certain risks involved in our operations, many of which are beyond our control. You should refer to the section headed "Risk Factors" on pages 31 to 57 of this prospectus for further details in respect of risks related to our business, risks related to the industry in which we operate, risks related to the PRC and risks related to the Share Offer.

CAPITAL REDUCTION AGREEMENT

We had entered into the Capital Reduction Agreement with West-Jiangxi Brigade, pursuant to which the registered capital of Yifeng Wanguo shall be reduced and West-Jiangxi Brigade shall redeem its 12% equity investment in Yifeng Wanguo for approximately RMB207.9 million payable by us by instalments until 2018, and Yifeng Wanguo shall provide a mortgage in favour of West-Jiangxi Brigade over Yifeng Wanguo's right in the State-owned Land Use Rights Certificate numbered "Yifeng County State-owned 2011-556" (宜豐縣國用(2011)第556號) for securing the obligations of Yifeng Wanguo in paying the redemption monies under the Capital Reduction Agreement.

As a result of the capital reduction of Yifeng Wanguo, our Group had recorded a current liability of approximately RMB12 million and a long-term liability of approximately RMB142 million which are the present values of the redemption monies payable by Yifeng Wanguo to West-Jiangxi Brigade. As to the net asset position of our Group, the net assets of our Group had been reduced by approximately RMB154 million as a result of the reduction in the total equity of Yifeng Wanguo of approximately RMB154 million upon completion of the Capital Reduction Agreement. Our Directors currently anticipate that the reduction in net assets of our Group as a result of the completion of the capital reduction would be offset entirely by the estimated net proceeds of approximately RMB182 million (based on the Offer Price of HK$1.75, being the low end of the Offer Price range) to be received by our Group from the Share Offer.

We obtained the necessary approval for the Capital Reduction Agreement in April 2012 and the Capital Reduction Agreement has been completed and become effective and legally binding. Yifeng Wanguo has become a wholly-owned subsidiary of HK Taylor since the Capital Reduction Agreement becoming effective. For details, you should refer to the section headed "History and Development – Yifeng Wanguo – Capital Reduction Agreement" on pages 110 to 113 of this prospectus.

OUR RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Upon completion of the Capitalisation Issue and the Share Offer, Mr. Gao, via Victor Soar, will indirectly and beneficially own approximately 50.25% of the issued share capital of our Company taking no account of Shares which may be issued pursuant to the exercise of the

Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme. Apart from the mining business operated by our Group, Mr. Gao and his associates are currently operating the Excluded Businesses which will not form part of our Group upon completion of the Reorganisation and after Listing. For further details, please refer to the section headed "Our Relationship with Controlling Shareholders – Delineation of Business" on page 163 of this prospectus.

SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION ITEMS

	Year ended 31 December		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	86,515	204,428	296,737
Gross profit	32,150	89,885	151,607
Profit and total comprehensive income for the year	13,822	53,827	81,694
Attributable to:			
Owners of our Company	10,558	48,430	73,258
Non-controlling interests	3,264	5,397	8,436

	Year ended 31 December		
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	48,243	98,480	90,446
Current liabilities	140,042	159,593	72,085
Net current (liabilities)/assets	(91,799)	(61,113)	18,361
Non-current assets	129,215	148,354	207,098
Non-current liabilities	42,961	51,525	57,937
Net (liabilities)/assets	(5,545)	35,716	167,522

WORKING CAPITAL

Our Group recorded a net liability of approximately RMB5.5 million as of 31 December 2009 which was mainly attributable to the accumulated losses brought forward from the early stage of operation before 2009. We also recorded net current liabilities of approximately RMB91.8 million and RMB61.1 million as at 31 December 2009 and 2010 respectively, which was mainly resulted from the amount due to shareholders of approximately RMB83.5 million and RMB87.4 million as of 31 December 2009 and 2010 respectively. Such amount due to shareholders was mainly resulted from substantial capital investments financed by short-term shareholders' borrowings provided by Mr. Gao to our Group for the purpose of financing the acquisition of the equity interest in Yifeng Wanguo by HK Taylor in our historical reorganisations. As at 31 December 2010, we had net assets of approximately RMB35.7 million. The change from a net liability position to a net asset position was primarily due to the profits we earned in 2010. As at 31 December 2011, we had net current assets of approximately RMB18.4 million, and the change from a net current liability position to a net current asset position was mainly due to the waiver of the above-mentioned short-term shareholder's borrowings for the total sum of approximately RMB70.6 million by Mr. Gao in 2011. We have pledged the mining right for the Xinzhuang Mine to secure banking facilities at a sum of RMB45,000,000 as at 30 April 2012 which had been completely drawn down.

As at 31 December 2011, we had cash and cash equivalents of approximately RMB37.4 million. We had net cash inflows from operating activities of approximately RMB9.3 million, RMB48.1 million and RMB113.3 million for the three years ended 31 December 2011, respectively.

We expect to finance our working capital requirements for the 12 months following the date of this prospectus as required by the Listing Rules with the following sources of funding:

- cash inflows generated from our operating activities;
- proceeds from bank loans, including short-term and long-term bank loans. As at 30 April 2012, we had total banking facilities of approximately RMB45 million which had been completely drawn down;
- the cash and bank balances on hand, which were approximately RMB37.4 million as at 31 December 2011. Based on our unaudited management accounts, we had bank balances and cash of approximately RMB41.5 million as at 30 April 2012; and
- HK$241 million, being the estimated net proceeds to be received by our Group from the Share Offer (assuming an Offer Price of HK$1.925 per Share, being the mid-point of the estimated price range).

Based on the above, our Directors believe that we will have sufficient funds for 125% of our present working capital requirements for at least 12 months from the date of this prospectus as required by the Listing Rules.

THE PERFORMANCE OF OUR GROUP SUBSEQUENT TO 31 DECEMBER 2011

Based on our unaudited management accounts, our revenue from sales of concentrates increased by approximately RMB7.3 million, representing an increase of approximately 11.6%, from approximately RMB63.1 million for the three months ended 31 March 2011 to approximately RMB70.4 million for the three months ended 31 March 2012. The increase in sales of concentrates during the three months ended 31 March 2012 was mainly attributable to the increase in the sales volume of our copper concentrates by 27.8%, sulfur concentrates by 133.6% and the sale of zinc concentrates (which were not sold in the same period last year) despite a decrease in average selling price of our concentrates by a range of 13.1% to 23.1% as compared to the same period last year. In the three months ended 31 March 2012, a higher proportion of fees payable to our underground mining contractor for their tunnelling work was capitalised in property, plant and machinery instead of being accounted for as expenses because the tunnels constructed could be used for a period from eight to 20 years. As a result, our subcontracting fee only increased by approximately 3.8% for the three months ended 31 March 2012 as compared with the same period last year. Accordingly, although there was an increase in labour costs by approximately 31.8% and material costs by approximately 35.5% for the three months ended 31 March 2012 as compared with the same period last year as a result of the expansion in our operation, the costs of sale of concentrates increased only by approximately 23%, from approximately RMB26.9 million to RMB31.1 million, which was to a lesser extent when compared to the increase in the volumes of ore processed of approximately 37.8% from approximately 105,073t to 144,811t. Therefore, the costs of sale of our concentrates per tonne of ore processed decreased from approximately RMB256/t for the three months ended 31 March 2011 to approximately RMB214/t for the three months ended 31 March 2012, representing a decrease of approximately 16.4%. Since the effect of the decrease in average selling price of our concentrates was partially offset by the decrease in the costs of sale of our concentrates per tonne of ore processed, the gross profit margin of our concentrates sales dropped slightly to 55.8% for the three months ended 31 March 2012 from 57.4% in the same period last year.

Our general administrative expenses remained stable as the administrative staff cost increased from approximately RMB1.7 million for the three months ended 31 March 2011 to approximately RMB2.8 million for the three months ended 31 March 2012, mainly attributable to the increase number of staff, payroll and bonus paid under the expansion since year 2012, was offset by a decrease in our expenses in relation to the Listing from approximately RMB4.5 million in the same period last year to approximately RMB2.2 million as a result of the initial down payment to professional parties involved in the Listing in January 2011 which had been recognised as expenses immediately. We expect to recognise a total of approximately RMB11.3 million of expenses in relation to the Listing in year 2012. The net profit of our Group for the three months ended 31 March 2012 remained stable as compared to the same period last year.

Our Directors expect there will be a significant increase in our staff costs in 2012 which is mainly attributable to the increase in headcounts coupled with the increase in wage level for recruiting more employees with higher qualification to cater for our expected production expansion.

Our Directors plan to sell all of our remaining metal ingots in 2012 and hence it is expected that no impairment provision will be made for the ingots in 2012.

Based on the current market situation, our current production level and the business relationships with our customer, our Directors will strive to maintain the revenue of our Group for the year ended 31 December 2012 at a similar level as compared to the same period of 2011. However, our profitability and financial position in the future may be adversely affected by certain factors, including but not limited to (i) fluctuations in the market price of copper, iron and other metals contained in the concentrates we produce; (ii) fluctuations in raw material prices; (iii) failure to achieve our production estimates and (iv) recognition of listing expenses upon our Listing.

OFFER STATISTICS

	Based on an Offer Price of HK$1.75 per Share	**Based on an Offer Price of HK$2.10 per Share**
Market capitalisation of the Shares*(Note 1)*	HK$1,050.0 million	HK$1,260.0 million
Historical price/earnings multiple*(Note 2)*	11.8 times	14.2 times
Unaudited pro forma adjusted net tangible asset value per Share*(Note 3, 4 and 5)*	RMB0.54	RMB0.61

Notes:

1. The calculation of the market capitalisation of the Shares is based on the respective Offer Price of HK$1.75 and HK$2.10 per Share and 600,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue but does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option or of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate and the Repurchase Mandate.

2. The calculation of the historical price/earnings multiple is based on the historical earnings per share of RMB0.12 for the year ended 31 December 2011, the respective Offer Price of HK$1.75 and HK$2.10 per Share and on the assumption that 600,000,000 Shares, comprising Shares in issue as at the date of this prospectus and Shares to be issued pursuant to the Share Offer and the Capitalisation Issue, had been in issue throughout the year.

3. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the section headed "Financial Information" in this prospectus, the respective Offer Price of HK$1.75 and HK$2.10 per Share and on the basis of 600,000,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate and the Repurchase Mandate.

4. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at without taking into account the effect of the capital reduction pursuant to the Capital Reduction Agreement, which was completed in April 2012. For further details of the Capital Reduction Agreement, please refer to the section headed "History and Development – Yifeng Wanguo – Capital Reduction Agreement" on pages 110 to 113 of this prospectus.

5. The unaudited pro forma adjusted consolidated net tangible asset value per Share has been arrived at without taking into account the effect of the dividends payable to our then Shareholders which were declared on 18 April 2012 with the amount of HK$2,000,000 (equivalent to approximately RMB1,618,000) and on 21 June 2012 with the amount of RMB32,400,000. Assuming the dividends had been approved as at 31 December 2011, the unaudited pro forma adjusted consolidated net tangible asset value per Share would have been reduced to RMB0.49 (equivalent to HK$0.60) based on an Offer Price of HK$1.75 per Share and RMB0.55 (equivalent to HK$0.68) based on an Offer Share Price of HK$2.10 per Share.

DIVIDEND POLICY

We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. For further details, please refer to the section headed "Financial Information – Dividend and Dividend Policy" on pages 219 to 220 of this prospectus. However, we will consider paying dividends if no attractive mine acquisition and investment opportunities arise. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders in compliance with relevant laws and regulations.

On 21 February 2012, a resolution was passed by the board of directors of Yifeng Wanguo to approve a dividend for 2011 of approximately RMB43.7 million, out of which approximately RMB5.2 million was payable to West-Jiangxi Brigade and the remaining sum of approximately RMB38.5 million was payable to HK Taylor. The sum payable to West-Jiangxi Brigade was settled in February 2012. Out of the sum of approximately RMB38.5 million payable to HK Taylor, approximately RMB35 million will be paid to HK Taylor before Listing.

On 18 April 2012 and 21 June 2012, the then board of our Company approved dividends for the total sum of HK$2 million and RMB32.4 million, respectively, to our then Shareholders, namely, Victor Soar and Achieve Ample, on a pro rata basis based on their shareholding interests in our Company. Both sums will be settled before Listing by the proceeds from the above-mentioned dividend approved by Yifeng Wanguo and further distributed to our Company via HK Taylor and MIH in the form of dividend. Based on our unaudited management accounts, our bank balances and cash amounted to approximately RMB67.7 million as at 31 May 2012.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$1.925 per Share (being the mid-point of the estimated price range), we estimate that the net proceeds to us from the Share Offer will be approximately HK$241 million, after deducting the underwriting commissions and other estimated expenses payable by us in relation to the Share Offer. We intend to use the net proceeds to us from the Share Offer as follows:

	Total *HK$ million*	**Percentage of allocation of the net proceeds from the Share Offer**
Expansion project at the Xinzhuang Mine	181.0	75%
Exploration activities in the surrounding areas of the Xinzhuang Mine	24.0	10%
Miscellaneous technological improvement and renovation projects	12.0	5%
Additional working capital and other general corporate purposes	24.0	10%

For further details, you should refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" on pages 223 to 224 of this prospectus.