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## RISK FACTORS

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*You should carefully consider all of the information in this prospectus, including the risks and uncertainties described in the following risk factors when considering making an investment in the Shares being offered in the Global Offering. You should pay particular attention to the fact that our business and operations are conducted almost exclusively in the PRC and are governed by a legal and regulatory environment which in certain aspects differs from that prevailing in other countries. Our business could be materially and adversely affected by any of the risks and uncertainties described below. The trading price of the Shares may decline due to any of the risks and uncertainties and you may lose all or part of your investment. For details regarding the PRC and other relevant matters, please refer to the sections headed “Corporate Information” and “The PRC Laws and Regulations Relating to the Industry” in this prospectus.*

We believe that an investment in our Shares involves certain risks, some of which are beyond our control. These risks can be broadly categorized into (i) risks relating to our industry; (ii) risks relating to our business; (iii) risks relating to conducting operations in the PRC; and (iv) risks relating to the Global Offering. Prospective investors in our Shares should consider carefully all the information set forth in this prospectus and, in particular, this section in connection with any investment in our Shares.

### **RISKS RELATING TO OUR INDUSTRY**

***Exploration of mineral properties is speculative in nature, requires capital expenditure and may be unsuccessful.***

There is no assurance that our exploration activities will result in the discovery of mineable reserves. If a viable deposit is discovered, it can take several years and capital expenditure from the initial phases of exploration until production commences during which time the capital cost and economic feasibility may change. Furthermore, actual results upon production may differ from those anticipated at the time of discovery. In order to maintain gold production beyond the life of our current proved and probable gold reserves, other than through acquisitions, additional gold reserves must be identified, either to extend the life of existing mines or justify the development of new projects. Our exploration programs may not result in the replacement of such gold reserves or result in new commercial mining operations.

***Changes to the PRC regulatory regime for the gold mining industry may have an adverse impact on our results of operations.***

The PRC local, provincial and central authorities exercise a substantial degree of control over the gold industry in the PRC. Our operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labor standards, occupational health and safety, waste treatment and environmental protection and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may increase our operating costs and thus adversely affect our results of operations.

There is no assurance that we will be able to comply with any new PRC laws, regulations, policies, standards and requirements applicable to the gold mining industry or any changes in existing laws, regulations, policies, standards and requirements economically or at all. Further, any such new

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PRC laws, regulations, policies, standards and requirements or any such change in existing laws, regulations, policies, standards and requirements may also constrain our future expansion plans and adversely affect our profitability.

*Changes in PRC tax laws and regulations applicable to the mining industry may adversely affect our results of operations.*

We are subject to, among other things, corporate income tax, resources tax, VAT, city maintenance and construction tax, education surcharge and property tax under PRC laws and regulations. Although gold is exempted from VAT, silver and other by-products produced and sold by us, as well as processing fees we receive for treating ores and concentrates for third parties, are subject to VAT at the rate of 6%. The PRC government increased the resources tax rates effective 1 August 2007, and the rates applicable to our Gold Mines are RMB2 to RMB4 per tonne of gold ore mined. There is no assurance that the PRC government will not further raise the rates of resources tax or other taxes. Any increase in the rates of resources tax or other taxes will have an adverse impact on our results of operations. Please refer to the section headed “The PRC Laws and Regulations Relating to the Industry” in this prospectus.

The PRC Enterprise Income Tax Law and its regulations were recently enacted and became effective as of 1 January 2008. Under this law and its implementation rules, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC incorporated subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaties. Please refer to the section headed “Risk Factors — Risks Relating to Conducting Operations in the PRC — The dividends we receive from our PRC subsidiaries and our global income may be subject to PRC tax under the newly enacted PRC Enterprise Income Tax Law, which would have a material adverse effect on our business” in this prospectus.

### RISKS RELATING TO OUR BUSINESS

*We are a developing mining business. Our limited operating history may not serve as an adequate basis to judge our future operating results and prospects.*

Our business is still in an early stage of development, and there is limited historical information available upon which you can base your evaluation of our business and prospects. We began gold exploration and mining activities after acquiring control of Luotuochang Mining through Wanhua in October 2006, Shirengou Mining through Chifeng Fubon Copper in May 2007 and Nantaizi Mining through Chifeng Fubon Copper in July 2007. Wanhua transferred its entire equity interest in Luotuochang Mining to Chifeng Fubon Copper on 13 July 2007. Chifeng Fuqiao acquired the entire equity interest in each of Shirengou Mining, Nantaizi Mining and Luotuochang Mining from Chifeng Fubon Copper on 23 August 2007. We commenced sales after we acquired Shirengou Mining in May 2007. We began trial ore processing operations at the Nantaizi Gold Mine in May 2008 and began sales from this mine in June 2008. Therefore, our operating results in 2007 and for the first ten months of 2008 are not indicative of future operating results and prospects. You should consider our business and prospects in light of the risks and uncertainties that we will face as a company developing and operating new gold mines.

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We have encountered and may continue to encounter risks and uncertainties frequently experienced by early-stage companies, including those relating to:

- our ability to maintain effective control of our operating costs and expenses;
- our ability to develop and maintain internal personnel, systems and procedures to ensure compliance with the extensive regulatory requirements applicable to the gold mining industry in the PRC;
- our ability to respond to changes in our regulatory environment; and
- our ability to implement, monitor and enhance our internal controls system.

If we are unable to address these risks, our financial condition and operating results may be materially and adversely affected.

***The accuracy of the gold resources and reserves estimates of our Gold Mines is based on a number of assumptions, and we may produce less gold than our current estimates.***

The gold resources and reserves estimates of our Gold Mines are based on a number of assumptions that have been made by the Independent Technical Expert in accordance with the JORC Code. However, we cannot assure you that the resources and reserves estimates as presented in this prospectus will be recovered in the quantities, quality or yields presented in this prospectus. Resources and reserves estimates involve expressions of judgment based on various factors such as knowledge, experience and industry practice, and the accuracy of these estimates may be affected by many factors, including quality of the results of exploration drilling and sampling of the ore body and analysis of the ore samples, as well as the procedures adopted by and experience of the person making the estimates.

Estimates of the resources and reserves at our Gold Mines may change significantly when new information becomes available or new factors arise, and interpretations and deductions on which resources and reserves estimates are based may prove to be inaccurate. Resources estimates indicate in-situ mineral occurrences from which valuable or useful minerals may be recovered, but do not take into account whether such resources could be mined or whether valuable or useful minerals could be recovered economically from them, nor do resources estimates incorporate mining dilution or allow for mining losses. The reserves estimates contained in this prospectus represent the amount of gold that we believe can be profitably mined and processed and are calculated based on estimates of future production costs and gold prices. In the future, we may need to revise the reserves estimates of our Gold Mines, if, for instance, our production costs increase or gold prices decrease and as a result the extraction of a portion (or all) of the gold reserves at our Gold Mines becomes uneconomical.

The inclusion of resources and reserves estimates should not be regarded as a representation that all these amounts can be economically exploited, and nothing contained in this prospectus (including, without limitation, the estimates of mine lives) should be interpreted as assurances of the economic viability of our Gold Mines or the profitability of our future operations.

***The process of estimating quantities of reserves and the method we use to amortize our mining rights have a material effect on our results of operations.***

Based on our accounting policy, our mining rights are amortized using the unit of production method based on the actual production volume over the estimated total proven and probable reserves of the ore mines, rather than on a straight line basis over the estimated mine life. As described above, the

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process of estimating quantities of reserves is inherently uncertain and complex, and requires significant judgments and decisions based on available geological, engineering and economic data. In 2007 and for the ten months ended 31 October 2008, we had amortization expenses for mining rights of RMB157,000 and RMB2.7 million, respectively. If we were to use the straight-line method, then the estimated mining rights amortization for the year ended 31 December 2008 and each of the years ending 31 December 2009 and 2010 would be RMB12.3 million. This compares to our mining rights amortization of RMB4.6 million for the year ended 31 December 2008 and our estimated mining rights amortization of RMB10.0 million and RMB12.3 million for each of the years ending 31 December 2009 and 2010, respectively, using the unit of production method. Because amortization is a non-cash expense to the business, the process of estimating quantities of reserves and the method we use to amortize our mining rights will have a material effect on our results of operations.

*We rely on third-party contractors to provide exploration and mining services in respect of our Gold Mines.*

We outsource substantially all our exploration and mining activities pursuant to service contracts with third-party contractors. As a result, our operations will be affected by the performance of our third-party contractors. Although we monitor the work of these third-party contractors to ensure that it is carried out on time, on budget and to specification, we may not be able to control the quality, safety and environmental standards of the work done by third-party contractors to the same extent as when the work is performed by our own employees. Any failure by these third-party contractors to meet our quality, safety and environmental standards may result in our liabilities to third parties and have a material adverse effect on our business, reputation, financial condition and results of operations. Any failure by these third-party contractors could also affect our compliance with government rules and regulations relating to exploration, mining and workers' safety. Moreover, since we have no more than two years of relationship with each of our third-party contractors, any failure by us to retain our third-party contractors or obtain replacements on favorable terms or at all may have a material adverse effect on our business and results of operations.

In selecting third-party contractors, we require the third-party contractors to have the production safety permit issued by Production Safety Supervisory Department, and, in cases where we hire third-party contractors for mining activities, we also require them to have the Class C Construction Qualifications issued by Construction Department. In addition, we require them to provide information on their past engagement to confirm their ability in terms of capital investment, technical expertise and managerial skills to perform the work requested. Each of the relevant departments of our Group is responsible for supervising the works carried out by third-party contractors ranging from reviewing engineering quality, quantifying losses and depletion of minerals, and supervising and managing of the progress and completion of the assignment. We require third-party contractors to carry out their works according to the design and plan of the relevant assignment and in accordance with the requirements of our Production and Environmental Safety Department and Quality Control Department. Our Production and Environmental Safety Department supervises and inspects safety management. Our Quality Control Department supervises mineral quality to ensure that third-party contractors meet our quality standards. In addition, we have specialized technical management personnel who supervise and direct the progress, quality and safety of the works performed by third-party contractors. Usually when a contract is signed, the requirements regarding the progress, quality and safety of the works will be clearly defined and we will only need to perform our supervisory functions during the project works.

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The total subcontracting fees paid for mining for the year ended 31 December 2007 and for the ten months ended 31 October 2008 were approximately RMB0.5 million and RMB14.5 million, respectively. The total subcontracting fees paid for construction of infrastructure on mines for the year ended 31 December 2007 and for the ten months ended 31 October 2008 were approximately RMB12.3 million and RMB158.9 million, respectively. For further information in relation to our third-party contractors, please refer to the section headed “Business — Third-Party Contractors” in this prospectus.

***We rely on major customers.***

We rely on our major customers to purchase all of our products. For the year ended 31 December 2007, sales to our five largest customers accounted for all of our revenue, and for the ten months ended 31 October 2008, sales to our five largest customers accounted for 95.4% of our revenue. Sales to our single largest customer for the year ended 31 December 2007 and for the ten months ended 31 October 2008 represented 51.4% and 48.9%, respectively, of our revenue.

We entered into three memoranda of long-term cooperation with three of our largest customers in March 2008 which accounted for 35.2% of our total revenue for the ten months ended 31 October 2008. Although under the terms of the memoranda and the corresponding supplemental agreements, we are entitled to sell and these three customers are obliged to purchase whatever amounts of concentrates that we, at our sole discretion, agree to sell them, given that most of our revenue is derived from the sale of concentrates to our five largest customers, any adverse effect on their ability to purchase our concentrates will have a material adverse effect on our results of operations.

***Fluctuations in the U.S. dollar market price of gold, the U.S. dollar market price of the other metals contained in the concentrates we produce or the RMB/U.S. dollar exchange rate could materially and adversely affect our profitability and cash flows.***

Our revenue is generated from the sale of concentrates we produce. The price we obtain for our concentrates is determined by the amount of gold, silver, copper, lead and zinc contained in the concentrates and the market prices for these metals. Historically, the market price of these metals has fluctuated widely and each has experienced periods of significant decline. Similar to our competitors we have limited ability to anticipate and manage commodity price fluctuations. There can be no assurance that the market price of any or all of these metals will not decline in the future or that such prices will otherwise remain at sufficiently high levels to support our profitability. A significant decline in the market price of any of these metals, and in particular gold, could materially adversely affect our business and result of operations.

Gold is our core commodity. Approximately 89.0% and 68.3% of our total revenue for the year ended 31 December 2007 and for the ten months ended 31 October 2008, respectively, were attributable to the gold contained in the concentrates we sold. We have no control over the factors that have affected the gold market price. Although the U.S. dollar market price of gold has increased significantly in the past few years, since the beginning of 2008 there have been substantial fluctuations in the market price of gold. Daily New York composite spot gold price declined from US\$857.55 per ounce on 2 January 2008 to US\$724.55 per ounce on 31 October 2008 and increased to US\$882.05 on 31 December 2008. There can be no assurance that the market price of gold will not continue to fluctuate in the future. If

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gold prices should fall or remain below our cost of production for a sustained period, our Share price and our results of operations could be materially and adversely affected. Please refer to the section headed “Industry Overview” in this prospectus for a more detailed description of the factors affecting the international gold price.

In addition, all of our revenue and most of our operating costs are denominated in RMB. Since the prices in RMB of the metals contained in the concentrates we sell effectively move in line with the market prices of these metals in U.S. dollars, our earnings are materially affected by the RMB/U.S. dollar exchange rate. We currently do not, nor do we intend in the future to, hedge our U.S. dollar currency exposure. Therefore, any appreciation of the RMB against the U.S. dollar could materially and adversely affect our financial results.

***Our business is exposed to uncertainties in relation to our expansion plans, further exploration opportunities and future acquisitions.***

We are currently investing in the expansion of our ore processing facilities located at the Nantaizi Gold Mine and Luotuochang Gold Mine. Our expansion plans require significant development of each mine to bring them to the planned levels of production. It may take longer than we currently anticipate to implement our expansion plans and there may be unforeseen delays before our expanded ore processing facilities are able to operate at our planned capacity. As a result of any delay in completing our expansion, cost overruns, failure to obtain the intended economic benefits from our expansion or other reasons, our business, financial condition and operations may be adversely affected.

We expect that, after completion of the Global Offering, we will have sufficient capital from the proceeds of the Global Offering as well as internally generated cash flows to fund our mining operations and planned expansion of the ore processing facilities at our existing Gold Mines.

Further, after the completion of the planned expansion of our ore processing facilities located at the Nantaizi Gold Mine and Luotuochang Gold Mine, we intend to construct a smelting and refining plant so that we can become a fully vertically integrated gold producer. This project may be delayed or adversely affected by various factors, such as failure to obtain regulatory approvals or sufficient funding, technical difficulties or constraints on resources.

***There is no assurance that we can obtain or renew permits necessary for exploration, mining or production at our Gold Mines or in respect of any mines we acquire in the future.***

Under the Mineral Resources Law of the PRC, all mineral resources in the PRC are owned by the State. Mining enterprises, including us, must obtain exploration or mining permits prior to undertaking any exploration or mining activities, and the exploration and mining permits are limited to a specific geographic area and time period. As a result, whether we can carry out exploration and/or mining activities depends on our ability to obtain exploration and mining permits from the relevant PRC authorities and to obtain necessary renewals of such permits when they expire. Under PRC laws and regulations, before a gold production company can commence production, it must obtain, among other things:

- an approval of the relevant project evaluation application from the local development and reform bureau;
- a production safety permit from the local administration of work safety;
- an environmental protection permit from the local environmental protection department;

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- a state-owned land use certificate from the local land and resources department; and
- a certificate of approval for storage of explosives and a certificate of approval for use of explosives. In addition, employees responsible for handling explosives must obtain a certificate of safekeeping of explosive equipment from the local public security bureau.

At present, in respect of our Gold Mines, we have one exploration permit covering a prospecting area of 3.19 km<sup>2</sup> and four mining permits covering a mining area of approximately 20.4 km<sup>2</sup>. The mining permits for the Shirengou Gold Mine and Luotuochang Gold Mine will expire in September 2011 and February 2011, respectively, while the two mining permits for the Nantaizi Gold Mine will expire in December 2010 and October 2011, respectively. The exploration permit for the Nantaizi Gold Mine is valid until July 2009. We also hold all necessary approvals and permits for production at our Gold Mines. These production-related approvals and permits will expire from time-to-time. We intend to apply to the appropriate authorities for an extension upon the expiry of each of our exploration permits, mining permits and production-related approvals and permits. However, there can be no assurance that we will be able to fully and economically utilize the entire mineral resources of any of our Gold Mines during the currently effective permit and approval periods or to obtain any extension of such permits and approvals. We have successfully renewed each of our exploration and mining permits in the past. However, there can be no assurance that we will be able to obtain exploration or mining or production-related permits and approvals in respect of resources we identify in the future either at our existing Gold Mines or at any mines we acquire in the future. If we are unable to obtain any of such permits or to renew any of such permits upon their expiration, our business and results of operations will be materially and adversely affected.

It should be noted that the mineral industry of Inner Mongolia is in the process of resources integration. Renewal of a mining permit or an exploration permit will be approved based on the specific circumstances in a banner or city. In the case of Chifeng Municipality, a mining permit will usually be renewed for 3 years and an exploration permit will usually be renewed for 1 to 2 years, during this process of resources integration. Our existing mining permits and exploration permit are valid for these periods respectively. Our Directors do not believe the terms of the permits granted to us are short in duration and/or out of the ordinary. King & Wood, our PRC legal adviser, has also confirmed that the term of each of the permits granted to us is within the normal and valid period of approval and is in compliance with all relevant PRC laws and regulations. In addition, King & Wood, our PRC legal adviser, has confirmed that we have all of the licenses and permits we require to operate our Gold Mines.

***Our operations are exposed to risks in relation to production safety and the occurrence of accidents, such as the mishandling of dangerous articles, and natural disasters.***

As a gold mining company, we are subject to extensive laws, rules and regulations imposed by the PRC government regarding production safety. In particular, our exploration and mining operations involve the handling and storage of explosives and other dangerous articles. Since taking over ownership of our Gold Mines, we have implemented a set of guidelines and rules regarding the handling of such dangerous articles which comply with existing PRC laws, regulations and policies. We may experience in the future increased costs of production arising from compliance with production safety laws and regulations. The PRC government continues to strengthen the enforcement of safety regulations in relation to the mining industry. There can be no assurance that more stringent laws, regulations or policies regarding production safety will not be implemented or that the existing laws, regulations and policies will not be more stringently enforced. We may not be able to comply with all existing or future

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laws, regulations and policies in relation to production safety economically or at all. Should we fail to comply with any production safety laws or regulations, we would be required to rectify the production safety problems within a limited period. Failure to rectify any problem could lead to suspension of our operations. In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should we fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, our business, reputation, financial condition and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities or criminal liabilities.

Prior to our acquisition of Shirengou Mining (which owns the Shirengou Gold Mine) from an independent third party which has no relationship with any of our connected persons, an accident occurred in the Shirengou Gold Mine on 25 March 2007. The accident was caused by the emission of excess carbon monoxide by one of the air compressors which resulted in the death of two mine workers. On 2 April 2008, the Production Safety Inspection and Supervision Bureau of Songshan District, Chifeng Municipality issued a confirmation confirming that all the legal matters in relation to the accident have been completed in accordance with the PRC laws. Our PRC legal adviser, King & Wood, has confirmed that we do not and will not have any liability in relation to the accident because the accident occurred prior to our acquisition of the Shirengou Gold Mine.

In order to ensure safety of our employees and the employees of third-party contractors and to avoid any accidents, our safety policy requires that each mine organizes at least two emergency and rescue drills per year, ensuring that each worker has a good understanding of rescue procedures and escape routes. In October 2007, we adopted an internal manual for health and work safety, which incorporated national safety standards, and the manual has been implemented throughout our Group and applies to both our employees and the employees of third-party contractors. Despite our endeavors to enhance workplace safety, there can be no assurance that similar or other accidents will not occur in the future. Our Group does not maintain any insurance policy to cover possible losses or costs resulting from accidents in relation to the employees of third-party contractors. Our Directors are of the view that this is a common practice in the mining industry in the PRC.

We or our third-party contractors may encounter accidents, technical difficulties, mechanical failure or breakdown in the exploration, mining and production processes, as well as possible localized mud-slides, instability of the stopes, and subsidence of the working areas and the like due to natural disasters. There can be no assurance that accidents will not occur in the future. The occurrence of accidents may disrupt or result in a suspension of our operations, increase production costs, result in liability to us and harm our reputation. Such incidents may also result in a breach of the conditions of our mining permits and exploration permit, or any other consents, approvals or authorizations, which may result in fines and penalties or even possible revocation of our mining permits.

***Our operations are exposed to risks in relation to environmental protection and rehabilitation.***

Operations of gold mines are subject to environmental risks and hazards. Our production and operations are subject to laws, rules and regulations imposed by the PRC government regarding environmental matters, such as the treatment and discharge of hazardous wastes and materials and environmental rehabilitation. PRC laws and regulations set a series of standards for waste substances (such as waste water) that may be discharged into the environment, and impose fees for the discharge of such waste substances. In addition, we are required under current PRC laws and regulations to conduct our mining operations in a manner that minimizes the impact on the environment, such as through rehabilitation and revegetation of mined land. Our current mining operations at our three Gold Mines

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employ underground mining and, as a result, our rehabilitation and revegetation obligations in relation to our three Gold Mines will be more limited than if we conducted open pit mining operations. In the future, we may have rehabilitation obligations in respect of areas we have cleared for mining and production purposes and in respect of our tailings dams.

Environmental hazards may occur in connection with our operations as a result of human negligence, force majeure or otherwise. The occurrence of any environmental hazards may delay production, increase production costs, cause personal injuries or property damage, result in liability to us and/or damage our reputation. Such incidents may also result in a breach of the conditions of our mining permits and exploration permit, or other consents, approvals or authorizations, which may result in fines or penalties or even possible revocation of our mining permits and/or exploration permit.

In the future, we may experience increased costs of production arising from compliance with environmental laws and regulations. Moreover, the development of the Chinese economy and the improvements in the living standards of the population may lead to a heightened awareness of environmental protection. As a result, it is possible that more stringent environmental laws, regulations and policies may be implemented in the future, or the existing environmental laws, regulations and policies may be more strictly enforced. We may not always be able to comply with existing or future laws, regulations or policies in relation to environmental protection and rehabilitation economically or at all. Should we fail to comply with any such existing or future laws, regulations or policies, we may be subject to penalties and liabilities under PRC laws and regulations, including but not limited to warnings, fines, suspension of production and closure of the facility that fails to comply with the relevant environmental standards.

***We may not be adequately insured against losses and liabilities arising from our operations.***

We maintain work-related injury insurance for our employees to cover possible losses or costs resulting from accidents which occur to our employees, in accordance with the requirements of the relevant PRC laws and regulations relating to the work-related injury insurance.

According to the relevant PRC laws and regulations, we will be liable for losses and costs arising from accidents resulting from fault or omission on the part of us or our own employees. The relevant PRC laws and regulations do not require mining enterprises to obtain insurance for such liability, except in respect of work-related injuries which we have obtained for our employees.

According to the relevant PRC laws and regulations, we will be liable for losses and costs arising from fraud committed by, or omission of, our employees. We do not maintain insurance in respect of such losses or costs and, as a result, our financial condition could be materially or adversely affected if we become liable for losses and costs arising from fraud or omission on the part of an employee.

We have also maintained insurance coverage on mandatory social security insurance for our employees in accordance with the requirements of the relevant PRC laws and regulations.

We also currently maintain insurance coverage on certain of our assets (including certain new buildings, equipment and motor vehicles). Save as disclosed above, we have not maintained other insurance coverage in respect of our operations. In line with the industry practice of the PRC mining companies, we do not maintain any business interruption insurance with respect to our operations, nor do we maintain any third-party liability insurance for property damage, personal injury or environmental damage arising from accidents in relation to our operations other than those caused by our transportation vehicles.

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Due to the nature of our business, we handle highly flammable and explosive materials and operate under perilous conditions. We may experience accidents in the course of our operations which may cause significant property damage, personal injuries or other liabilities. Losses and liabilities incurred or payments we may be required to make, if not adequately insured against, could have a material adverse effect on our results of operations or otherwise materially disrupt our operations.

We do not maintain any insurance policy to cover possible loss, damage or costs resulting from fault or omission of third-party contractors. Our Directors are of the view that this is a common practice in the mining industry in the PRC. As confirmed by King & Wood, our PRC legal adviser, we will not be liable for the costs or penalties arising from any loss, damage or costs incurred as a result of fault or omission of third-party contractors. To mitigate the risk of any fault or omission arising from third-party contracts, we will ensure that no mining or exploration work will be undertaken by third-party contractors outside the contracting period.

***We may not be able to maintain the provision of adequate and uninterrupted supplies of electricity, water, necessary raw materials, auxiliary materials, equipment and spare parts at favorable prices or at all.***

Major auxiliary materials used in our production include forged steel grinding balls, chemical products, explosives, lubricating oil, electric wires and cables, rubber products and fuel. All our auxiliary materials are sourced from suppliers in the local Chifeng Municipality and our equipment is sourced from suppliers within the PRC. Electricity and water are the main utilities used in our exploration and mining. We obtain our electricity from the local power grid and our water supply from underground water. There can be no assurance that supplies of electricity, water, auxiliary materials, equipment or spare parts will not be interrupted or that their prices will not increase in the future. In the event that our existing suppliers cease to supply us with electricity, water, auxiliary materials, equipment or spare parts at existing or lower prices or at all, our financial condition and results of operations will be adversely affected. In addition, an interruption in electricity supply will materially and adversely affect our underground production and our safety by disrupting operations such as water pumping and ventilation.

***Severe weather conditions could materially and adversely affect our business and results of operations.***

Severe weather conditions, such as heavy rainfall, may require us to evacuate personnel or curtail operations and may result in damage to our mines, our equipment or our facilities, which could result in the temporary suspension of operations or a reduction in our productivity. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses while production has slowed down or ceased altogether. Any damages to our projects or delays in our operations caused by severe weather could materially and adversely affect our business and results of operations.

***Our mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.***

Despite our efforts in identifying and acquiring additional resources in the areas surrounding our existing mines and other regions in the PRC, our existing mining operations have a finite life and will eventually close. The key costs and risks for mine closures are (i) long-term management of permanent

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engineered structures and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these tasks is dependent on our ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental rehabilitation costs and damage to our reputation if desired outcomes cannot be achieved, which could materially and adversely affect our business and results of operations.

***We may not be able to retain or secure key qualified personnel, key senior management or other personnel for our operations.***

We depend on certain key qualified personnel, key senior management and other employees in our business, particularly those set out in the section headed “Directors, Senior Management and Employees” in this prospectus. There can be no assurance that such parties will continue to provide services to us or will honor the agreed terms and conditions of their employment or contracts. Any loss of key personnel or failure to recruit and retain personnel for our future operations and development may have a material adverse effect on our business.

***If we fail to manage our liquidity situation carefully, our ability to expand and, in turn, our results of operations may be materially and adversely affected.***

As at 31 December 2007, we had net current liabilities of RMB219.0 million, primarily due to amounts due to related parties of RMB247.7 million. The amounts due to related parties arose from the acquisition of our three Gold Mines and capital expenditures incurred at these Gold Mines after their acquisitions. In August 2008, the Group repaid the amounts due to related parties using primarily the proceeds from the Pre-IPO Investment and an additional investment by Huizhou Liyin. See the section headed “Exchangeable Bonds” in this prospectus. A net current liability position may impair our ability to make necessary capital expenditures, develop business opportunities or make strategic acquisitions. As at 31 October 2008, we had net current assets of RMB5.5 million.

Further, we had a net operating cash outflow in 2007 because our operating costs exceeded the revenue we generated from the 50 tpd ore processing facility at the Shirengou Gold Mine (which is no longer in use). We do not expect this negative cash flow situation to continue as we have commenced operation of the ore processing facilities located at the Nantaizi Gold Mine and the Luotuochang Gold Mine.

There can be no assurance that our business will generate sufficient cash flow from operations in the future to service any future debts and make necessary capital expenditures, in which case we may seek additional financing, dispose of certain assets or seek to refinance some of or all our future debts. We have an existing RMB200 million short-term borrowing facility with Guangdong Development Bank Co., Ltd. (Huizhou Branch) which remains unutilized and has not been affected by the recent financial turmoil. However, Guangdong Development Bank Co., Ltd. (Huizhou Branch) may terminate its commitment under this borrowing facility if certain events were to occur, such as: (i) Fubon Industrial’s business suffers serious deterioration or loses its current business reputation, (ii) Fubon Industrial transfers properties or funds to third parties in an attempt to avoid its obligation to repay the loan, or (iii) any other condition occurs that would result in Fubon Industrial not being able to repay the loan. We do not expect to utilize such RMB200 million short-term borrowing facility in the next 24-month period. Although we currently have no intention to obtain any new borrowing facilities, we may in the

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future seek to enter into such facilities and, if the current credit liquidity issues persist, we may have difficulty in obtaining such facilities or renewing our existing facility with Guangdong Development Bank Co., Ltd. (Huizhou Branch). If we draw down on our existing short-term borrowing facility or on a new short-term facility, we may need to allocate a portion of our cash flow to service these obligations. In the event that we are unable to meet our liabilities when they are due or if our creditors take legal action against us for payment, we may have to liquidate our long-term assets to repay our creditors. We may have difficulty converting our long-term assets into current assets in a negative current liability situation and may suffer losses upon the sale of our long-term assets. This would materially and adversely affect our operations and prevent us from successfully implementing our business strategy.

***We rely principally on dividends and other distributions on equity paid by our PRC subsidiaries to fund cash and financing requirements, and limitations on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.***

We are a holding company and rely to a significant extent on dividends and other distributions on equity paid by our PRC subsidiaries, Fubon Industrial, Chifeng Fuqiao, Shirengou Mining, Nantaizi Mining and Luotuochang Mining, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, service any debt we may incur and pay our expenses. If any of our PRC subsidiaries incurs debt in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Furthermore, relevant PRC laws, rules and regulations permit payments of dividends by each of our PRC subsidiaries only out of its retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Under PRC laws, rules and regulations, each of the entities incorporated in the PRC is required to set aside a portion of its net income each year to fund certain statutory reserves. These reserves, together with the registered equity, are not distributable as cash dividends. As a result of these PRC laws, rules and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends.

In addition, certain recent PRC regulations may also limit the ability of our PRC subsidiaries to pay dividends to us. Please refer to the section headed “Risk Factors — Risks Relating to Conducting Operations in the PRC — PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders or our PRC subsidiaries to liabilities or penalties, limit our ability to inject capital into our PRC subsidiaries or limit the ability of our PRC subsidiaries to distribute profits to us” in this prospectus. Limitations on the ability of our PRC subsidiaries to pay dividends to us could limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends to our shareholders, or otherwise fund and conduct our business.

***Our risk management and internal control systems improvements may not be adequate or effective.***

We have established risk management and internal control systems consisting of relevant organizational framework policies, procedures and risk management methods that we believe are appropriate for our business operations. We seek to continue to improve our risk management system from time to time. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be sufficiently effective in identifying and preventing all such risks.

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In addition, as some of our risk management and internal control policies and procedures are relatively new, we may need to establish and implement additional risk management and internal control policies and procedures to further improve our systems from time to time. Since our risk management and internal control depend on their implementation by our employees, we cannot assure you that such implementation will not involve any human errors or mistakes. If we fail to timely adapt and implement our risk management policies and procedures, our business, results of operations and financial condition could be materially and adversely affected.

### **RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC**

***Our business, financial condition, results of operations and prospects could be negatively affected by PRC political, economic and legal developments and changes to government policies.***

All of our operating assets are located in the PRC and all of our revenues are derived from our operations in the PRC. Our results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange.

The PRC economy has traditionally been centrally planned. Since 1978, the PRC government has been promoting reforms of its economic and political systems. These reforms have brought about marked economic growth and social progress in the PRC, and the economy of the PRC has shifted gradually from a planned economy towards a market-oriented economy. We believe that we have benefited from the economic reforms implemented by the PRC government and its economic policies and measures. However, there is no assurance that the PRC government will continue to pursue economic reforms. In addition, while the PRC's economy has experienced significant growth in the last two decades, growth has been uneven across both geographic regions and the various sectors of the economy. Our business, results of operations, financial condition and prospect may be adversely affected by the PRC government's political, economic and social policies, tax regulations or policies, and regulations affecting the gold mining industry.

In addition, we have an option to acquire the mining rights and related assets of two gold mines in Xinjiang. Xinjiang has been affected by periodical trans-national terrorist acts and uprisings of political or religious groups since early 1990s. The unstable political conditions in Xinjiang resulting from the actions of such political or religious groups in Xinjiang or neighboring areas in Central Asia may disrupt our future operations in Xinjiang and, in turn, adversely affect our business and results of operations.

***Our business could be negatively affected by changes and uncertainties in the PRC legal system.***

The PRC legal system is based on the civil law system. Unlike the common law system, prior legal decisions and judgments have limited significance for guidance. The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC government has established a commercial law system, and has made significant progress in promulgating laws and regulations relating to economic affairs and matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules

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until some time after the violation. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

***Government control of currency conversion and changes in the exchange rate between the RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends.***

RMB currently is not a freely convertible currency. We receive all of our revenues in RMB and will need to convert RMB to foreign currency for payment of dividends, if any, to holders of our Shares. Under the current foreign exchange regulations in the PRC, our PRC subsidiaries will be permitted, upon completion of the Global Offering, to effect foreign exchange for current-account transactions (including the distribution of dividends) through accounts permitted by the PRC government. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. There can be no assurance that the PRC government will not in the future impose restrictions on foreign exchange transactions for current-account items, including the payment of dividends.

All our revenue and operating costs are denominated in RMB. As the domestic gold price (which is expressed in RMB) moves in line with global gold price (which is typically expressed in U.S. dollars), the price in RMB we can receive for our concentrates depends on the RMB exchange rate against U.S. dollar. The exchange rate of the RMB against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. Since 1994, the conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's interbank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of RMB to U.S. dollars was generally stable. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the RMB appreciated by approximately 2% against the U.S. dollar. The PRC government has since made, and in the future may make, further adjustments to the exchange rate system. From 21 July 2005 to 23 January 2009, the value of the RMB has appreciated by approximately 21.1% against the U.S. dollar.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a further and more significant appreciation of the RMB against the U.S. dollar, the Hong Kong dollar or other foreign currency. If the appreciation of RMB continues, it may reduce the RMB gold price as well as our profits in RMB terms. Moreover, to the extent that we need to convert the proceeds from the Global Offering and future financing into the RMB for our operations, appreciation of the RMB against the relevant foreign currencies would have an adverse effect on the RMB amount we would receive from the

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conversion. On the other hand, because the dividends on our Shares, if any, will be paid in Hong Kong dollars, any devaluation of the RMB against the Hong Kong dollar could adversely affect the amount of any cash dividends on our Shares in Hong Kong dollar terms.

***The dividends we receive from our PRC subsidiaries and our global income may be subject to PRC tax under the newly enacted PRC Enterprise Income Tax Law, which would have a material adverse effect on our business.***

We are incorporated under the laws of the Cayman Islands and hold interests in our PRC subsidiaries. As foreign legal persons, dividends derived from our business operations in the PRC are currently not subject to income tax under PRC law. However, we cannot assure you that such dividends will continue to be exempt from PRC income tax. A new law, the PRC Enterprise Income Tax Law and its implementation rules were recently enacted and became effective on 1 January 2008. Under this law and its implementation rules, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC incorporated subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaties.

In addition, the new laws provide that, if an enterprise incorporated outside the PRC has its “de facto management organization” located within the PRC, such enterprise may be recognized as a PRC tax resident enterprise and thus may be subject to enterprise income tax at the rate of 25% on its worldwide income. Substantially all members of our management are located in the PRC. We may therefore be deemed a PRC tax resident enterprise and therefore subject to an enterprise income tax rate of 25% on our worldwide income (including dividend income received from our subsidiaries) which excluded the dividends received directly from another PRC tax resident. As a result of these changes described above, our historical operating results will not be indicative of our operating results for future periods and the value of our Shares could be adversely affected.

***Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to taxes under PRC tax laws.***

Under the PRC Enterprise Income Tax Law and its implementation rules issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises”, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of Shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are considered a PRC “resident enterprise”, it is unclear whether dividends we pay with respect to our Shares, or the gain our shareholders may realize from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the PRC Enterprise Income Tax Law to withhold PRC income tax on dividends payable to our non-PRC investors that are “non-resident enterprises”, or if our shareholders are required to pay PRC income tax on the transfer of our Shares, the value of our shareholders’ investment in our Shares may be materially and adversely affected.

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***PRC regulations relating to loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of this offering to contribute additional capital or make loans to our PRC subsidiaries.***

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. In utilizing the proceeds we expect to receive from the Global Offering for the purposes described in the section headed “Future Plans and Use of Proceeds” in this prospectus, we may make loans or additional capital contributions to our PRC subsidiaries.

Any loans to Fubon Industrial, which is treated as a foreign invested enterprise under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to Fubon Industrial to finance its activities cannot exceed statutory limits and must be registered with SAFE or its local counterpart. We may also determine to finance Fubon Industrial by means of capital contributions. These capital contributions must be approved by the Ministry of Commerce or its local counterpart.

We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from the Global Offering to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

***PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders or our PRC subsidiaries to liabilities or penalties, limit our ability to inject capital into our PRC subsidiaries or limit the ability of our PRC subsidiaries to distribute profits to us.***

SAFE issued a public notice in October 2005, namely SAFE Circular No. 75, requiring PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the notice as an “offshore special purpose company”. PRC residents that are shareholders of offshore special purpose companies established before 1 November 2005 were required to register with the local SAFE branch before 31 March 2006. In addition, any PRC resident that is a shareholder of an offshore special purpose company is required to amend its SAFE registration with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment, creation of any security interest over any assets located in China or any other material change in share capital. In May 2007, SAFE issued relevant guidance to its local branches with respect to the operational process for SAFE registration, which standardized more specific and stringent supervision on the registration relating to SAFE Circular No. 75 and imposed obligations on onshore subsidiaries of offshore special purpose companies to coordinate with and supervise the shareholders of the offshore entity who are PRC residents to complete the SAFE registration process. As advised by our legal adviser as to PRC laws, King & Wood, since Mr Wu has completed his SAFE registration for his foreign investment at the relevant department of foreign exchange, our Company and our controlling shareholders are considered to be in compliance with all relevant rules, regulations and registration requirements imposed by the SAFE. However, we may not be fully informed of the identities of all our future shareholders who are PRC residents. Moreover, we do not have control over our shareholders and cannot assure you that all of our PRC resident beneficial owners will comply with SAFE Circular No. 75. The failure of our shareholders who are PRC residents to register or amend their SAFE registrations in a timely manner pursuant to SAFE Circular No. 75 or the failure of future

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shareholders who are PRC residents to comply with the registration procedures set forth in SAFE Circular No. 75 may subject such beneficial owners and/or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to contribute additional capital to our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute dividends to our Company or otherwise materially and adversely affect our business.

***Restrictions on foreign investment in the PRC mining industry could materially and adversely affect our business and results of operations.***

In the PRC, foreign companies have in the past been, and are currently, required to operate within a framework that is different from that imposed on domestic PRC companies. However, the PRC government has been opening up opportunities for foreign investment in mining projects and this process is expected to continue, especially following the PRC's accession into the WTO. However, if the PRC government should reverse this trend, or impose greater restrictions on foreign companies, or seek to nationalize our PRC operations, our business and results of operations could be materially and adversely affected. For a description of the laws and regulations applicable to foreign mining companies, please refer to the section headed "The PRC Laws and Regulations Relating to the Industry" in this prospectus.

***Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options may subject such employees or us to fines and legal or administrative sanctions.***

Pursuant to the Implementation Rules of the Administration Measure for Individual Foreign Exchange (個人外匯管理辦法實施細則), or the Individual Foreign Exchange Rules, issued on 5 January 2007 by SAFE and relevant guidance issued by SAFE in March 2007, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or other qualified PRC agents, to register with SAFE and complete certain other procedures related to the share option or other share incentive plan. In order to comply with the requirements of the Implementation Rules of the Administration Measure for Individual Foreign Exchange (個人外匯管理辦法實施細則), we will require our employees to register with and obtain approval from SAFE prior to joining the Share Option Scheme. Foreign exchange income from the sale of shares or dividends distributed by the overseas listed company must be remitted into China. In addition, the overseas listed company or its PRC subsidiary or other qualified PRC agent is required to appoint an asset manager or administrator and a custodian bank, as well as open foreign currency accounts to handle transactions relating to the share option or other share incentive plan. We and our PRC citizen employees who have been granted share options, or PRC option holders, will be subject to these rules upon the listing of our Shares on the Stock Exchange. If we or our PRC option holders fail to comply with these rules, we or our PRC option holders may be subject to fines and legal or administrative sanctions.

***Outbreak of the Severe Acute Respiratory Syndrome ("SARS"), the H5N1 strain of bird flu ("Avian Flu") or other epidemics could severely disrupt our business and operations.***

From December 2002 to June 2003, China and other countries experienced an outbreak of a highly contagious form of atypical pneumonia now known as SARS. At the height of the SARS epidemic, many businesses in China were closed by the PRC government to prevent transmission of SARS. Also,

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certain Asian countries, including the PRC, have recently encountered incidents of Avian Flu. This disease, which is spread through poultry populations, is capable in certain circumstances of being transmitted to humans and could be fatal.

If any of our employees or our third-party contractors' employees are identified as a possible source of spreading SARS, Avian Flu or any other similar epidemic, we may be required to quarantine the employees who have been suspected of becoming infected, as well as others who have come into contact with those employees. We may also be required to disinfect the affected operating facilities, which could adversely affect our operations. Even if we are not directly affected by the epidemic, an outbreak of SARS, Avian Flu or other similar epidemics, whether inside or outside the PRC, could slow down or disrupt economic activities generally, which could in turn adversely affect our operations and the price of our Shares.

### RISKS RELATING TO THE GLOBAL OFFERING

*There has been no prior public market for our Shares.*

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price for our Shares will be determined by the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholder and us on the Price Determination Date. The Offer Price may not be indicative of the price at which our Shares will trade following the completion of the Global Offering. Moreover, there can be no assurance that there will be an active trading market for our Shares, or if it exists, that it can be sustained following the completion of the Global Offering, or that the price at which our Shares will trade will not decline below the Offer Price. In addition, the price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of new technologies, strategic alliances or acquisitions, safety or environmental accidents suffered by us or other similar mining companies or fluctuations in the market prices of gold and the other metals contained in our concentrates could cause large and sudden changes in the volume and price at which our Shares will trade.

*Investors should not place undue reliance on industry and market information and statistics derived from official government publications contained in this prospectus.*

This prospectus contains information and statistics relating to the PRC and international gold industry and markets. With respect to information and statistics derived from various official government publications, while we have exercised reasonable care in compiling and reproducing such information and statistics, it has not been independently verified by us or any of our affiliates or advisers, nor by the Underwriters or any other parties involved in the Global Offering or their respective affiliates or advisers. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice relating to the PRC, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Further, there can be no assurance that such information and statistics are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other countries. We cannot ensure the accuracy of such information and statistics, and such information and statistics may not be consistent with other information prepared within or outside the PRC. Prospective investors should not place undue reliance on any of such information and statistics contained in this prospectus.

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***Future issuances or sales, or perceived issuances or sales, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares and our ability to raise capital in the future.***

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, including by our substantial shareholders, or the issuance of new Shares by us, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to us, and our shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future.

***The market price of our Shares could be lower than the Offer Price.***

The initial price to the public of our Shares sold in the Global Offering will be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until the Share certificates are delivered, which is expected to be the fifth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the market price of our Shares could be lower than the Offer Price.

***You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through other media relating to us and/or the Global Offering, certain of which may not be consistent with the information contained in this prospectus.***

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering such as in the Apple Daily, Headline Daily and The Standard published on 13 January 2009, the South China Morning Post published on 20 January 2009, and the Hong Kong Economic Journal published on 21 January 2009, the disclosure of which has not been authorized by us but included certain financial information, projections, valuations and other information about us (the “Unauthorized Information”). We wish to emphasize to potential investors that we do not accept any responsibility for any such Unauthorized Information. The Unauthorized Information was not sourced from or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the Unauthorized Information. To the extent that any of the Unauthorized Information is inconsistent with, or conflicts with, the information contained in this prospectus, we disclaim it. Accordingly, prospective investors are cautioned to make their investment decisions based solely on the information contained in this prospectus and should not rely on any of the Unauthorized Information.