

## LAWS AND REGULATIONS RELATING TO CJVS

A CJV is a form of foreign investment permitted in the PRC. Under the amended “PRC Sino-Foreign CJV Law” (中華人民共和國中外合作經營企業法), which became effective as of October 31, 2000, and the “Implementing Rules For the PRC Sino-Foreign CJV Law” (中華人民共和國) which became effective as of September 4, 1995, a CJV may be a Chinese legal person with limited liability or, alternatively, a non-legal person entity. To establish a CJV, the Chinese and foreign parties must submit documents such as the CJV agreement, the articles of association etc., to the Ministry of Commerce of the PRC or its authorized local branch (the “Approval Authority”) for examination and approval. The Approval Authority must, within 45 days upon accepting the application, decide whether or not to grant the approval. Within 30 days upon receipt of the approval certificate issued by the Approval Authority, the parties must apply to the competent administration for industry and commerce for registration to obtain the business licence of the CJV. The issuance date of the business licence is the establishment date of the CJV. The investments in a CJV are not necessarily calculated in monetary units. The CJV agreement may require one party to contribute certain specified “cooperative conditions”. The earnings are not necessarily distributed *pro rata* in accordance with the registered capital paid-in by each of the parties. In addition, the options for sharing risks and losses, management and post-termination assets may also be determined by the parties.

A CJV may be managed by a board of directors or, alternatively, by a joint management committee. The CJV Rules require a CJV to obtain unanimous board (or management committee) approval on the following decisions:

- amendment of the CJV’s articles of association;
- termination or dissolution of the CJV;
- reduction or increase of the registered capital of the CJV;
- merger, division or change in the organisational form of the CJV;
- mortgage of assets of the CJV; and
- other matters agreed to by the parties to the CJV.

According to the relevant PRC rules, a transfer of an equity interest in the CJV must comply with PRC laws and regulations, and be approved by approval departments and submitted for alteration registration with registration departments. A transfer without approval from the relevant approval departments is invalid.

## LAWS AND REGULATIONS RELATING TO MINERAL RESOURCES

Under the amended “Mineral Resources Law of the PRC” (中華人民共和國礦產資源法), which became effective as of January 1, 1997, all mineral resources of the PRC are owned by the State. The Ministry of Land and Resources is responsible for the supervision and administration of the mining and exploration of mineral resources nationwide. The geology and mineral resources departments of the Chinese Government in the respective provinces, autonomous regions and municipalities are responsible for the supervision and administration of the exploration, development and mining of mineral resources within their own jurisdictions. Enterprises engaged in the mining or exploration of mineral resources must obtain mining and exploration permits, as the case may be, which are transferable for consideration only in certain circumstances as provided under PRC laws, subject to approval by relevant administrative authorities.

According to the relevant PRC laws, before the exploration and mining activities relating to mineral resources can commence, the project company must first obtain the exploration licence and the mining permit, which generally entitles the project company to the exploration and mining rights attached to the relevant mining project. Furthermore, if the mining activities involve gold resources, the Gold Operating Permit must also be obtained.

Holders of exploration permits and holders of mining permits are subject to exploration right usage fees and mining right usage fees, respectively. In accordance with the “Administrative Measures on Registration of Mineral Resources Exploitation” (礦產資源開採登記管理辦法), mining right usage fees are payable on an annual basis. The rate of mining right usage fee is RMB1,000 per sq.km. of mining area p.a. On the other hand, in accordance with the “Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey” (礦產資源勘查區塊登記管理辦法), exploration right usage fees are calculated according to the size of the exploration area and are payable on an annual basis. The rate of exploration right usage fees for the first year to the third year of exploration is RMB100 per sq.km. of exploration area p.a. From the fourth year of exploration onwards, the rate increases by RMB100 per sq.km. of exploration area p.a. However, the annual maximum rate may not exceed RMB500 per sq.km. of exploration area. In addition, according to the amended “Administration Regulation for Collection of Mineral Resource Compensation Fee” (礦產資源補償費徵收管理規定), which became effective as of July 3, 1997, holders of mining permits are subject to mineral resource compensation fees, which accounts for a certain percentage of the sales revenue of such holders. The mineral resource compensation fee is paid on a half-yearly basis.

## **METHODS OF OBTAINING EXPLORATION LICENCE, MINING PERMIT AND GOLD OPERATING PERMIT**

### **Methods of Obtaining Exploration Licence**

In accordance with the “Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey”, the applicant must submit the following documents to the Ministry of Land and Resources of the PRC or its local branch for the exploration licence:

- an application form for registration and a drawing or map indicating the scope of the blocks for which the applicant is applying;
- a copy of the certificate validating the qualification of the exploration unit;
- an exploration working plan and an exploration contract or documents evidencing that the exploration unit and project are entrusted by the State;
- an implementation proposal for the exploration, and its appendixes thereto;
- documents of proof showing the source of the funds for the exploration project; and
- materials otherwise required by the relevant authority.

After reviewing these documents, the competent authority must make a decision within 40 days based on the principle of first application and notify the applicant of the result. If the application is approved, the applicant must pay the exploration right usage fee before obtaining the exploration licence, which is calculated according to the size of the exploration area. The fee is payable on an annual basis.

The maximum valid period of the initial term of the exploration licence is three years. An application must be submitted to the original competent registration authority for renewal of such exploration licence at least 30 days prior to the expiration date stipulated thereon. Each renewal of valid term cannot exceed two years.

The project company must obtain the exploration licence before carrying out exploration activities. If it will engage in gold mining activities, both the mining permit and the Gold Operating Permit must be obtained simultaneously.

## **Methods of Obtaining Mining Permit**

In accordance with the “Administrative Measures on Registration of Mineral Resources Exploitation”, to apply for the mining permit, the applicant must submit the following documents to the Ministry of Land and Resources of the PRC or its local branch:

- an application form for registration and a drawing or map indicating the scope of the mining area;
- certificate validating the qualification of the applicant;
- a plan for development and utilization of the mineral resources;
- approval documents for establishment of the mining enterprise;
- an environment influence evaluation report for the exploitation of the mineral resources; and
- materials otherwise required by the relevant authority.

After reviewing the above documents, the relevant authority must make a decision within 40 days and notify the applicant of the result. If the application is approved, the applicant must pay the mining right usage fee before obtaining the mining permit, which is calculated according to the size of the mining area and must be paid on an annual basis.

The maximum valid period of the initial term of the mining permit is determined according to the construction scale of the mine. For a large-scale mine, the term may be as long as 30 years, for a middle-scale mine, 20 years, and for a small-scale mine, 10 years. An application may be submitted to the original competent registration authority for renewal of such permit at least 30 days prior to its expiration date.

If the holder of an exploration licence or mining permit fails to renew the same, such licence or permit is automatically annulled upon expiration.

## **Methods of Obtaining Gold Operating Permit**

According to the “Provisions on the Administration of Gold Operating Permit”, the applicant for mining of gold minerals must submit the following documents to the NDRC:

- an application form for exploitation of gold minerals;
- a formal map indicating the scope of the mining area;
- file records or the approval documents regarding the ore reserves report;

- an environment influence evaluation report approved by competent environment protection authorities;
- the contract and the articles of association of the company and the approval for establishment of the company, if the applicant is a company limited by shares; and
- the awards rendered by relevant authorities in respect of any boundary dispute concerning the mining area.

The NDRC must determine the application within 20 days of receipt of the application documents.

The valid period for a Gold Operating Permit varies from 5 years to 15 years, depending upon the production scale of the mine. An application must be submitted to the NDRC for renewal of the Gold Operating Permit at least 30 days prior to the expiration date stipulated thereon.

The holder of a Gold Operating Permit is entitled to exploit gold mineral resources in the areas specified in the Gold Operating Permit, subject to obtaining a corresponding mining permit.

## **RIGHTS AND OBLIGATIONS OF HOLDERS OF EXPLORATION PERMITS**

The holder of an exploration permit has, among other, the following rights:

- to carry out exploration in the designated area and within the prescribed time;
- to set up apparatus for power supply, water supply and communication channels without prejudice to the original equipments for power supply, water supply and communication channels;
- of access to the exploration area and its adjacent areas;
- to temporarily use the land in accordance with the needs of the exploration project;
- of priority in obtaining the mining right of the mineral resources as specified on the exploration permit and the exploration right of other newly discovered minerals within the designated exploration area;
- upon fulfilment of the prescribed minimum expenditure requirements, the right to transfer the exploration right to any third party upon government approval; and
- to sell the mineral products extracted from the surface of the land in the exploration area, except for those mineral products which are required by the State Council to be sold to designated entities.

The holder of an exploration permit has, among others, the following obligations:

- to commence and complete the exploration work within the term of the exploration permit;
- to carry out the exploration work in accordance with the exploration plan and to ensuring that there are no occurrence of unauthorised mining activities in the designated area;
- to carry out integrated exploration and assessment activities on the para-genetic and associated mineral resources; and

- to submit an exploration report of the mineral resources to the relevant government authority for approval.

## RIGHTS AND OBLIGATIONS OF HOLDERS OF MINING PERMITS

The holder of a mining permit has, among others, the following rights:

- to engage in mining activities in the designated area and within the term prescribed under the mining permit;
- to set up production facilities and amenities within the designated area;
- to sell the mineral products, except for those minerals which are required by the State Council to be sold to designated entities; and
- to acquire the land use rights legally based on the requirement of its production and construction.

The holder of a mining permit has, among others, the following obligations:

- to carry out mining activities in the designated area and within the term of the mining permit;
- to effectively protect and reasonably extract the mineral resources and integrate the use of the mineral resources;
- to pay resources tax and mineral resources compensation fees;
- complying with laws and regulations relating to labour safety, soil and land conservation, land rehabilitation and environment protection; and
- to submit a report on the utilisation of mineral resources to the relevant government authority.

## LAWS AND REGULATIONS RELATING TO THE ADMINISTRATION OF GOLD

Under the “Administration Regulations of the PRC on Gold and Silver” (中華人民共和國金銀管理條例) promulgated and implemented in June 1983 (the “Administrative Regulations”), gold and silver were purchased centrally by the PBOC. No entity or individual was permitted to purchase gold and silver without the consent of the PBOC. All gold and silver mined and refined by mining enterprises, rural communes, the armed forces and individuals engaged in the production of gold and silver (including those with ore exploration, production and refining as their supplementary business), were required to be sold to the PBOC, and were not permitted to be retained for sale, exchange or use. Entities requiring gold and silver for use were required to submit a proposal to the PBOC on the use of gold and silver, which the PBOC would then examine and possibly approve.

On October 30, 2002, the Shanghai Gold Exchange commenced operation under the supervision of the State Council. Thereafter, the PBOC ceased its gold allocation and gold purchase operation. Prices of gold on the Shanghai Gold Exchange are determined by market demand and supply, which essentially converge with the price of gold in the international market. On February 27, 2003, the State Council promulgated the “Decision of the State Council in relation to Termination of the Second Batch of Administrative Approval Projects and Amendment of the Management Method of Certain Administrative Approval Projects” (國際院關於取消第二批行政審批項目和改變一批行政審批項目管理方式的決定) and cancelled the approval requirements for the production and sale of gold and gold products. As a result, although the

Administrative Regulations have not been abolished, the policy of “centralised purchase and allocation of gold” as stipulated under the “Administrative Regulations on Gold and Silver of the PRC” has been terminated in practice.

Since the promulgation of the “Administrative Permission Law of the PRC” (中華人民共和國行政許可法) on August 27, 2003, which became effective as of July 1, 2004, the State Council reformed the administrative approval system and cleared the outstanding projects which were subject to administrative approval by its ministries and departments. The State Council promulgated the “Decision of the State Council on the Enactment of Administrative Permission for Certain Administrative Approval Projects which shall be Retained” (國務院對確需保留的行政審批項目設定行政許可的決定) on June 29, 2004. According to the decision, the import and export of gold and gold products remain subject to administrative examination and approval. The authority responsible for such examination and approval is the PBOC. The decision became effective as of July 1, 2004.

## LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The State Environment Protection Administration Bureau is responsible for the supervision of environmental protection in, implementation of national standards for environmental quality and discharge of pollutants for, and supervision of the environmental management system of, the PRC. Environmental protection bureaus at the county level or above are responsible for environmental protection within their jurisdictions.

The “Environmental Protection Law of the PRC” (中華人民共和國環境保護法), which became effective as of December 26, 1989, requires entities that operate production facilities that may cause pollution or produce other toxic materials to take steps to protect the environment and establish an environmental protection and management system. The system includes the adopting of effective measures to prevent and control exhaust gas, sewage, waste residues, dust or other waste materials. Entities discharging pollutants must register with the relevant environmental protection authorities.

The “Environmental Protection Law of the PRC” and the “Administrative regulations on Environmental Protection for Construction Project” (建設項目環境保護管理條例) which became effective as of November 29, 1998 stipulate that prior to the construction of new facilities or expansion or transformation of existing facilities that may cause a significant impact on the environment, a report on the environmental impact of the construction project shall be submitted to the relevant environmental protection authority. The newly constructed production facilities are not entitled to operate until the relevant department is satisfied that such facilities are in compliance with all relevant environmental protection standards.

Under the “Mineral Resources Law of the PRC”, the amended “Land Administration Law of the PRC” (中華人民共和國土地管理法) which became effective as of August 28, 2004 and “Rules on Land Rehabilitation” (土地復墾規定) which became effective as of January 1989, exploration of mineral resources must be in compliance with the legal requirements on environmental protection so as to prevent environmental pollution. If any damage is caused to cultivated land, grassland or forest as a result of exploration or mining activities, mining enterprises must restore the land to a state appropriate for use by reclamation, re-planting trees or grasses or other such measures as appropriate to the local conditions. If there are no conditions for rehabilitation or if the rehabilitation does not comply with the relevant requirements, the mining enterprise must pay a fee for land rehabilitation. On closure of a mine, a report in relation to land rehabilitation and environmental protection must be submitted for approval. Enterprises which fail to perform or satisfy the requirements on land rehabilitation may be penalised by the relevant land administration authority.

Under the “Environmental Protection Law of the PRC”, any production facilities that could cause pollution or other public hazards must adopt measures on environmental protection and establish a system on environmental protection and administration. Effective measures must be adopted to prevent and control the pollution and harm caused to the environment by the emission of exhaust air, sewage, waste residues, dust, malodorous gas, radioactive substances, noise, vibration and electromagnetic radiation. Enterprises that discharge pollutants must register with the relevant environmental protection authority. The State Environmental Protection Administration must formulate national standards on emission of pollutants in accordance with the national standards on environmental quality, and the State economic and technological conditions. Governments at the provincial level and of the autonomous regions and municipalities may formulate their respective local standards on the discharge of pollutants for items not specified in the national standards. These local governments may formulate local standards which are more stringent than the national ones for items already specified in the national standards. Pursuant to the requirements under the amended “Law on Prevention of Water Pollution of the PRC” (中華人民共和國水污染防治法) which was amended on May 15, 1996, “Law on Prevention of Air Pollution of the PRC” (中華人民共和國大氣污染防治法), which became effective as of September 1, 2000 and “Administrative Regulations on Levy and Utilisation of Sewage Charge” (排污費徵收使用管理條例), which became effective as of July 1, 2003, enterprises which discharge water or air pollutants must pay discharge fees pursuant to the types and volume of pollutants discharged. The discharge fees are calculated by the local environmental protection authority which must review and verify the types and volumes of pollutants discharged. Once the discharge fees have been calculated, a notice on payment of discharge fees must be issued to the relevant enterprises. In addition, enterprises which discharge sulphur dioxide at a level exceeding the prescribed standards are required to install “desulphurising devices” or adopting other “desulphurising” measures to control the emission of sulphur dioxide.

Under the “Law on Prevention of Environmental Pollution Caused by Solid Waste of the PRC” (中華人民共和國固體廢物污染環境防治法), which became effective as of April 1, 2005, entities and individuals collecting, storing, transporting, utilising, or disposing of solid waste must take precautions against the spread, loss, and leakage of such solid waste or adopt such other measures for preventing such solid waste from polluting the environment.

The penalties for breach of the environmental protection laws vary from warnings, fines, suspending production or operation to other administrative sanctions, depending on the degree of damage or the results of the incidents. The responsible person of the entity may be subject to criminal liabilities for serious breaches resulting in significant damage to private or public property or personal injury or death.

As the environmental protection is under the administration and supervision of independent authorities, which are distinct from the ones issuing the exploration and mining permits, the breach of the relevant environmental protection laws would not entail revocation of the exploration and mining permits directly. However, the authorities may seek cooperation from the original issuers of such permits, which are competent to revoke the exploration and mining permits pursuant to the Mineral Resources Law of the PRC.

Please refer to the section headed “Business — Environmental, Health and Safety and Community Relations Policies — Environmental” in this prospectus regarding compliance by the Group of the above laws and regulations.

### LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

The PRC government has formulated a relatively comprehensive set of laws and regulations on production safety, including the “Law on Production Safety of the PRC” (中華人民共和國安全生產法), which became effective as of July 1, 1982, the “Law on Mine Safety of the PRC” (中華人民共和國礦山安全法), which became effective as of May 1, 1993, as well as “Regulations on

Mine Safety” (礦山安全條例) and “Regulations on the Monitoring of Mine Safety” (礦山安全監察條例), which became effective as of February 13, 1982, promulgated by the State Council, which pertain to the mining, processing and smelting operation of the mining industry. The State Administration of Work Safety is responsible for the overall supervision and management of the safety production nationwide while the departments in charge of safety production at the county level or above are responsible for the overall supervision and management of the safety production within their own jurisdictions.

The State implements a licensing system for production safety of mining enterprises under the “Regulations on Production Safety Certificate” (安全生產許可證條例), which became effective as of January 13, 2004. No mining enterprise may engage in production activities without holding a valid production safety certificate. Enterprises which fail to fulfil the production safety conditions may not carry out any production activity. Mining enterprises which have obtained the production safety certificate may not lower their production safety standards, and are subject to the supervision and inspection by the licensing authorities from time to time. If the licensing authorities are of the opinion that the mining enterprises do not fulfil the production safety requirements, the production safety certificate may be withheld or revoked.

The State has also formulated a set of national standards on production safety for the mining industry. In general, the mine design must comply with the production safety requirements and industry practice. Each underground mine shaft is required to have at least two safety exits and the mine must be equipped with transportation and communication facilities which connect the mine to the outside. The mine design must be approved in accordance with the requisite procedures.

A mining enterprise must establish a management body or designated safety management team to be responsible for production safety matters. Education and training on production safety must be provided to workers to ensure that they fully understand the regulations on and the procedures required for production safety, and are able to master the necessary skills for operation safety for their own positions. Those who do not receive this education and training are not permitted to work at the mine.

Pursuant to the Mine Safety Law, the State also implements a safety supervision system in mines and establishes the mine safety supervisory authorities. The major responsibilities of such supervisory authorities include, among other things, the following: (i) to supervise the provision of safety education and training by mining enterprises; (ii) to approve mine design, and carry out examinations upon completion of mine construction; (iii) to monitor the status of the construction of safety facilities carried out by the mining enterprises; (iv) to inspect the safety of mines and to require, if necessary, the mining enterprises to amend or resolve any works which fall below the requisite safety standards within a particular time limit; (v) to investigate mining accidents and to supervise the handling of mining accidents; (vi) to impose fines or administrative sanctions or submit the case to the judicial authorities for legal actions against the mining enterprises, the management or any related staff thereof who have severely violated the “Regulations on Mine Safety”; and (vii) to suggest that relevant authorities suspend or close the operation of mining enterprises which cannot meet the basic safety requirements.

Upon occurrence of accidents, mining enterprises must immediately take measures to rescue their workers and report any personal deaths or injuries to the relevant authority. In the event of a minor accident, the mining enterprise must be responsible for investigating and handling the case. In the event of a serious accident, the government, the relevant authority, the labour union and the mining enterprise must conduct an investigation and handle the case together. In addition, mining enterprises must pay compensation to any staff injured or killed in an accident in accordance with the national requirements. Such mining enterprises may only resume production after the relevant danger at the scene has been eliminated.



In addition, under the “Law on Production Safety of the PRC” and the “Law on Mine Safety of the PRC”, the penalties for breach of production safety laws vary from warnings, fines, suspending production or operation, or any other administrative sanctions, depending on the degree of damage or the results of the incidents. The responsible person of the entity may be subject to criminal liabilities for serious breaches resulting in significant incidents. The State implements an accountability system over incidents relating to production safety. The responsible person for a production safety incident may be subject to demotion or termination of employment, and may be liable to criminal liabilities.

As the production safety is under the administration and supervision of independent authorities, which are different from the ones issuing the exploration and mining permits, the breach of the relevant production safety laws would not entail revocation of the exploration and mining permits directly. However, the authorities may seek cooperation from the original issuers of such permits, which are competent to revoke the exploration and mining permits according to the Mineral Resources Law of the PRC.

Please refer to the section headed “Business — Environmental, Health and Safety and Community Relations Policies — Health and Safety” in this prospectus regarding compliance by the Group of the above laws and regulations.

## LAWS AND REGULATIONS RELATING TO TAXATION

The State encourages the development of the gold industry by implementing preferential treatment on taxation. “Circular Relating to Tax Policies on Gold” (關於黃金稅收政策問題的通知) issued by the MOF and the State Tax Bureau of the PRC in 2002 provides that gold production enterprises engaged in the sales of standard gold and gold sand (containing gold content), such as the activities proposed to be taken by CJV companies within the Group, are exempted from VAT. Transactions made by gold trading enterprises and intermediaries, which are members of the Shanghai Gold Exchange, on the Shanghai Gold Exchange without physical settlement are exempted from VAT, and transactions with physical settlement are subject to VAT levying and immediate refund.

Enterprises engaged in the mining of mineral resources must pay resources tax in accordance with relevant regulations of the State. In accordance with the “Provisional Regulations on Resources Tax of the PRC” (中華人民共和國資源稅暫行條例), which became effective as of January 1, 1994, the rate of the resources tax ranges from RMB0.40 to RMB30 per tonne of mineral products. The amount of resources compensation levy payable is computed on the basis of the sales revenue of mineral products. According to the “Implementing Rules for the Provisional Regulations on Resources Tax of the PRC” (中華人民共和國資源稅暫行條例實施細則) which became effective as of December 30, 1993, resources tax is levied according to the grade of mines and the applicable amount of tax per tonne of ore produced as provided in the schedules attached to such implementing rules. For companies which are not listed in such schedules, the rates of resource tax will be decided by provincial government within a range of 30% and the decision will be reported to the MOF and the State Administration of Taxation for records.

On May 19, 2006, the MOF and the State Administration of Taxation issued a notice about the adjustment of tax, which among other things, adjusted upwards the rates of resource tax for various grades of rock and gold mines. For companies that are not listed in this notice, the adjustment of resource tax will be decided by provincial government within a range of 30% with reference to the rates applicable to the neighboring mines listed in this notice and the decision will be reported to the MOF and the State Administration of Taxation for filing. This notice became effective as of May 1, 2006.

Under the “Income Tax Laws of the PRC for Foreign Investment Enterprises and Foreign Entities” (《中華人民共和國外商投資企業和外國企業所得稅法》) which became effective as of July 1, 1991, foreign investment enterprises engaging in production with an operating term exceeding 10 years normally enjoy

full exemption from income tax in the first two years starting with the first year in which the enterprises begin to make profits and a 50% reduction in each of the following three years, subject to the approval of the competent tax administration authority. In addition, pursuant to the “Circular No. GSF [1999] 172” (國稅發〔1999〕第172號通知) issued by the State Tax Bureau of the PRC on December 8, 1999, which became effective as of January 1, 2000, foreign investment enterprises in the middle and west areas which invest in projects in encouraged categories are, upon expiration of both the two years full exemption and the three years of half reduction of the income tax, outlined above, then entitled to a further three years of half reduction of the tax, subject to the approval of the competent tax administration authority.

## OTHER RELEVANT LAWS AND REGULATIONS

### Laws regarding Construction Permits in the PRC

Under the Construction Law of the PRC, entities which start construction without a construction permit may be ordered to rectify such default. The construction administrative authorities may order projects that do not meet the requirements for commencement of construction to cease operation, and impose a fine.

### Investment System Survey

Under the “Decision of the State Council on the Reform of Investment System” (國務院關於投資體制改革的決定) which came into effect on July 16, 2004, significant changes have been made to the government approval regime for major investment projects in the PRC. The State Council abolished the requirements of government examination and approval for investment projects not utilising government funds, and replaced such requirements with a verification and filing system. With respect to non-government funded projects, verification would only be required for major or restricted projects while other projects, irrespective of size, are only subject to a filing requirement. According to the “Catalogue of Investment Projects Requiring Government Verification and Approval” (2004 Version) (政府核准的投資專案目錄(2004年版)), mining development projects with a production capacity of 500 tonnes per day or above are subject to approval by the department of investment under the State Council while other mine development projects are subject to the department of investment at the provincial level.

Foreign investment projects with a total investment amount of US\$100 million or more in encouraged or allowed categories, or US\$50 million or more in restricted categories, are subject to approval by the departments under the State Council while other foreign investment projects are subject to approval of governmental authorities at the provincial level or below.

## PRC LEGAL MATTERS

King & Wood, the Company’s legal counsel on PRC law, has issued a letter of advice confirming that it has reviewed the summaries of PRC laws and regulations relating to the industry as contained in this prospectus and that, in its opinion, they are correct summaries of relevant PRC laws and regulations. This letter is available for inspection as referred to in “Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection” of this prospectus.