You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus.

Our operations involve certain risks, many of which are beyond our control. These risks can be categorized into: (i) risks relating to our business and our industry; (ii) risks relating to conducting operations in the PRC; and (iii) risks relating to the Global Offering. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our business and results of operations are dependent on the market price for molybdenum, which is volatile, driven by exogenous supply and demand factors, and susceptible to variations in the economic cycle, and we may also be exposed to fluctuations in tungsten prices in the future

Our business is sensitive to movements in the market prices for molybdenum. We derive most of our revenue from the sale of molybdenum products including molybdenum concentrate, molybdenum oxide, ferromolybdenum and other molybdenum products, and we expect these products to continue to account for a large percentage of our turnover in the near term. Our other products include downstream processed products such as ammonium molybdate, molybdenum powder, molybdenum trioxide, and molybdenum threads, strips, rods and boards. For the years ended December 31, 2004, 2005, and 2006, revenue generated from the sale of molybdenum concentrate, molybdenum oxide and ferromolybdenum in aggregate accounted for 96.4%, 87.1% and 87.5% of our total turnover, respectively.

The prices of our molybdenum products are impacted by international and domestic molybdenum prices. Fluctuations in both global and domestic prices and demand for our products are beyond our control. Absent offsetting factors, a significant and sustained adverse movement in the market prices of molybdenum may materially and adversely affect our financial condition and results of operations. Details of historical price ranges for molybdenum are set out in the section headed "Industry Overview — World Molybdenum Industry — World production, consumption and prices of molybdenum in recent years" in this prospectus. A significant reduction in the market prices for molybdenum for a prolonged period may lead to a material deterioration in our financial performance and a material write-down of our investment in mining properties.

Molybdenum prices have historically been subject to fluctuations in response to market forces, such as global mine production, roasting and smelting production, general global and PRC economic conditions and industrial demand. In recent years, there have been significant movements in molybdenum prices. These movements have been driven by demand for steel, the primary end-use of molybdenum, as a result of investment in the industrial and construction industries, and supply constraints including increasing regulation of the Chinese molybdenum industry by the PRC Government.

While molybdenum prices are expected to remain above historical long-term trends in the near term, any sustained adverse movement in molybdenum prices is expected to have a negative impact on our financial condition and results of operations.

Furthermore, we are a growing producer of tungsten products and expect to derive revenue and profits from the sale of these products in the future. As such, we expect that our business will also become sensitive to market prices for tungsten in the future.

The accuracy of our resources and reserves estimates is based on a number of assumptions, and we may produce less molybdenum and tungsten than our current estimates

Our resources and reserves estimates are based on a number of assumptions conforming to the JORC Code. However, we cannot assure you that our resources and reserves will be recovered in the quantities, quality or yields presented in this prospectus.

Ore resources and reserves estimates are inherently prone to variability. They involve expressions of judgment with regard to the presence and grade of mineralization and the ability to extract and process the mineralization economically. These judgments are based on a variety of factors, such as knowledge, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the results of drilling and sampling of the orebodies and analysis of the ore samples and the procedures adopted and experience of the person(s) making the estimates.

If we encounter mineralization or geological or mining conditions at our Sandaozhuang Mine different from those predicted by historical drilling, sampling and similar examinations, we may have to adjust our mining plans in a way that may materially and adversely affect our business, financial condition and results of operations and reduce the estimated amount of ore resources and reserves available for production and expansion plans.

No assurance can be given that the resources and reserves presented in this prospectus will be recovered at the quality or yield presented. Investors should not assume that the resources estimates are capable of being directly reclassified as reserves under the JORC Code. The inclusion of resources estimates should not be regarded as a representation that these amounts can be exploited economically. You are cautioned not to place undue reliance on resources and reserves estimates. Please refer to the Minarco Report, included in Appendix V to this prospectus, for detailed information of our mineral resources and reserves.

We face risks associated with our mining and processing operations, and our business is dependent on our Sandaozhuang Mine

Our mining and processing operations (both molybdenum and tungsten-related) are subject to a number of operating risks and hazards, some beyond our control, which could delay the production and delivery of molybdenum and tungsten products or increase the cost of mining and processing at our Sandaozhuang Mine operations.

These conditions include unexpected maintenance or technical problems, periodic interruptions due to inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions, critical equipment failure, fires, earthquakes, flooding and unusual or unexpected variations in mineralization, geological or mining conditions. Such risks may result in damage to our mining and processing operations which may materially and adversely affect our financial condition and results of operations.

Furthermore, our business is dependent on our Sandaozhuang Mine as our sole source of ore supply for our processing operations. If there is any disruption for a sustained period to the continued operations of our Sandaozhuang Mine or supporting infrastructure, or any of the events mentioned above occurs, our financial condition and results of operations may be materially and adversely affected.

We may be unable to renew our mining rights

Under the Mineral Resources Law of the PRC, all mineral resources in the PRC are owned by the State. Typically, the duration for which mining rights are granted cannot exceed the projected number of years of service of a mine, and the consideration for such mining rights is appraised on the basis of such service period.

In September 2006, we obtained the mining rights in relation to our Sandaozhuang Mine for a total consideration of approximately RMB401.5 million, the appraised value based on a service period of 30 years. Although we paid such consideration for mining rights in relation to our Sandaozhuang Mine based on an appraised service period of 30 years, our current mining rights extend only to June 1, 2021. Our PRC legal advisor has advised us that, so long as (i) the principal parameters (such as the mining area, the mining capacity and the term of the service period) of the Mining Rights Appraisal Report, as confirmed in the Confirmation Letter for the Appraisal Result of the Mining Rights issued by the MLR on July 5, 2006, remain the same, and (ii) we have completed the necessary legal procedures as required by the Procedures for Administration of Registration of Mining of Mineral Resources and applicable laws and regulations at that time, there is no legal impediment preventing us from obtaining renewal of the mining rights for our Sandaozhuang Mine from the PRC Government after June 1, 2021. However, there can be no assurance that we will be able to renew our mining rights on favorable terms, or at all, once such rights expire. Since our business is dependent on our Sandaozhuang Mine, if we are unable to renew such rights, our financial condition and results of operations will be materially and adversely affected.

We face risks associated with our joint ventures

Some of our existing businesses are carried out through joint ventures with our PRC partners. In addition, as part of our acquisition and investment strategies, we may enter into further joint ventures in the future. Such existing or future joint venture arrangements involve a number of risks, including:

- disputes with joint venture partners in connection with the performance of each party's obligations under the joint venture agreements;
- disputes as to the scope of each party's responsibilities under these agreements;
- financial difficulties encountered by a joint venture partner affecting its ability to perform its obligations under the joint venture agreements or other contracts with us; and

- conflicts between the policies or objectives adopted by the joint venture partners and those adopted by us.

Any of these risks and other factors may lead to disputes with our joint venture partners and cause disruptions in the operations of the joint ventures and, as a result, our financial condition and results of operations may be materially and adversely affected.

Our existing and future major capital expenditure projects may not be completed within the expected time frame and within our budget, or at all, and may not achieve the intended economic results

We intend to invest in projects at our existing operations to increase our production efficiency and capacity, as well as to expand and develop our downstream processing and tungsten production capabilities. Such projects could be delayed or adversely affected by a variety of factors, including a failure to obtain the necessary regulatory approvals or sufficient funding, construction difficulties, technical difficulties and manpower or other resource constraints. Costs of these projects may also exceed our planned investment budget. In addition, we do not yet have our own tungsten production facilities and therefore have not developed sales channels for our own tungsten products.

As a consequence of any delay in completing our capital expenditure projects, cost overruns, changes in market circumstances or other factors, the intended economic benefits from these capital expenditure projects may not materialize, and our financial condition and results of operations may be materially and adversely affected.

We may be unable to increase the ore mining capacity of our Sandaozhuang Mine

Our current mining rights for our Sandaozhuang Mine permit an annual ore mining capacity of 9.9 Mt. Our Sandaozhuang Mine has reached operating levels at its designed capacity, with ore production volume of 9.5 Mt for 2006. We intend to expand our ore mining capacity beyond 9.9 Mt as part of our future development. However, any increase in the permitted ore mining capacity is subject to feasibility studies and the approvals of the MLR and the NDRC. We are in preliminary discussions with the PRC authorities and do not have any definitive or agreed expansion plan regarding our ore mining capacity as at the Latest Practicable Date. As such, we cannot assure you that we will be able to expand the mining capacity of our Sandaozhuang Mine.

Our acquisition and investment strategies may not be successful

An integral part of our business strategy is to grow our business through investment in, or acquisition of, additional assets or business operations relating to molybdenum and other specialty and precious metal industries, which may include entering into joint ventures or forming strategic alliances that we believe will expand or complement our existing business. However, there can be no assurance that we will be able to identify attractive acquisition targets or negotiate acquisitions on favorable terms or that we will be able to accurately estimate the resources and reserves of these acquisition targets.

Moreover, we cannot assure you that any business acquired by us will be integrated successfully into our operations or that we will be able to operate it profitably. Acquisitions involve a number of risks, such as difficulties in assimilating the operations, technologies, procedures and products of the acquired businesses, and personnel turnover. They may also disrupt our continuing business and divert resources and management's attention from our other business concerns. If we are unable to carry out our acquisition strategy successfully, our business, financial condition and results of operations may be materially and adversely affected.

More restrictive interpretation or more rigorous enforcement of current environmental laws and regulations, or the adoption of new environmental laws and regulations, or unanticipated environmental effects of our operations, could require us to incur new or increased costs

Our operations are subject to PRC environmental laws and regulations relating to air and water quality, waste management and public health and safety. To comply with these laws and regulations, we incur costs associated with our production facilities and production processes, including those incurred in installing pollution control equipment. We are also subject to pollutant discharge fees for the discharge or emission of various substances including sulfur dioxide and waste water. We must undergo inspections by the relevant PRC environmental authorities from time to time. Our costs of compliance with environmental laws and regulations may increase significantly if the PRC Government adopts stricter environmental requirements, such as tightening pollutant discharge limits, increasing pollutant discharge fees, imposing more extensive pollution control requirements or increasing the number of regulated substances. We cannot assure you that compliance with environmental laws or regulations adopted or amended in the future or measures to be taken to tackle unanticipated environmental effects from our operations will not materially increase our operating and other expenses.

During the Track Record Period, we incurred certain penalty expenses in relation to environmental non-compliance. For further details, please refer to the paragraph "Environmental Compliance" in the section headed "Business" in this prospectus. Although we have taken measures to avoid similar events from happening in the future, we cannot assure you that we will not be subject to environmental non-compliance penalties in the future.

Moreover, we cannot assure you that we will be able to comply with all environmental laws and regulations that are adopted or amended in the future. Failure to comply with, or any change or difference in the interpretation or enforcement policy of, such laws and regulations, or the occurrence of any unanticipated environmental effects from our operations, could subject us to punitive governmental measures, including forced suspension of operations, which may have a material adverse effect on our financial condition and results of operations.

We may be unable to obtain financing on favorable terms, or at all, to fund our ongoing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements

To fund our ongoing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. We currently fund our capital expenditures with capital contributions from our Shareholders, short-term and long-term bank loans, and cash flow from our operating activities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- obtaining the PRC Government approvals (where necessary) to raise financing in the domestic or international markets;
- our future financial condition, results of operations and cash flows;

- the condition of the global and domestic financial markets; and
- changes in the monetary policy of the PRC Government with respect to bank interest rates and lending practices and conditions.

If adequate funding is not available to us on favorable terms, or at all, it may materially and adversely affect our ability to fund our existing operations, or develop or expand our business. In addition, future capital raised through issuance of our Shares or other securities may result in a substantial dilution of the interests of our Shareholders.

We face risks in outsourcing some of our labor-intensive operations with lower technical sophistication

To reduce our capital expenditure and operating costs, we outsource some labor-intensive tasks requiring lower technical sophistication at our Sandaozhuang Mine, such as drilling and blasting, ore and waste loading, and transportation, to independent third party contractors for execution under our general supervision. Our operations are affected by the performance of these contractors.

We have entered into outsourcing service contracts with these contractors. Failure to maintain a cooperative relationship with these contractors or to renew the outsourcing service contracts on similar terms, or at all, when they expire may affect our mining activities and thus, materially and adversely affect our financial condition and results of operations. If we are unable to engage additional contractors to carry out the outsourced work in a timely manner, our financial condition and results of operations may be materially and adversely affected.

Under the outsourcing service contracts, our contractors are responsible for any losses caused by, or incurred pursuant to, such outsourced activities. However, there can be no assurance that we will not be involved in any claims in respect of the outsourced activities and we are not liable to third parties under the outsourcing service contracts. If any claim in respect of the outsourced activities is made by third parties against us directly, we may have to incur costs and devote resources to defend ourselves against such claims.

There may be a material adverse impact on us if we are unable to secure qualified personnel for our operations

Our future performance depends to a significant extent on the continued service of our key management and technical staff, in particular, Mr Duan Yuxian, our chairman. If a significant number of members of senior management or technical staff cease to serve us in the future or fail to perform their duties as expected, or we are unable to recruit and retain a sufficient number of senior management or technical staff, our financial condition and results of operations may be materially and adversely affected.

In addition, as is customary in the PRC, we do not maintain insurance for losses caused by business disruptions due to the discontinuation of service of our key management and technical staff.

We may not have insurance coverage that is adequate to cover potential liabilities and losses

We face various risks in connection with our businesses and may lack adequate insurance coverage or may have no relevant insurance coverage.

In addition, in line with general industry practice in the PRC, we do not maintain business interruption insurance or third-party liability insurance against claims for property damage, personal injury and environmental liabilities. The occurrence of any of these events may result in an interruption of our operations and subject us to significant losses or liabilities. If we incur substantial losses or liabilities and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our financial condition and results of operations may be materially and adversely affected.

We face increasing competition from domestic and foreign competitors

We face increasing competition from both domestic and international molybdenum producers. Some of our competitors may have certain advantages over us, including greater financial, technical and raw material resources, greater economies of scale, broader name recognition and more established relationships in certain markets. Competition can have a significant impact on the prices we realize for our products and on demand for our products, which may materially and adversely affect our business, financial condition and results of operations.

The PRC's entry into the WTO has increased, and may continue to increase, foreign competition in the PRC, by, among other things, allowing a greater number of alliances between foreign companies and domestic competitors, and revising regulations originally designed to protect domestic enterprises. Such increased foreign competition may materially and adversely affect our financial condition and results of operations.

We are subject to risks relating to product concentration

We derive most of our revenue from the sales of molybdenum concentrate, molybdenum oxide and ferromolybdenum, and we expect these products to continue to account for a large percentage of our turnover in the near term. For the years ended December 31, 2004, 2005 and 2006, revenue generated from the sales of molybdenum concentrate, molybdenum oxide and ferromolybdenum, in aggregate accounted for 96.4%, 87.1% and 87.5% of our total turnover, respectively. Continued and increasing market acceptance of these products is therefore critical to our future success. If demand for molybdenum concentrate, molybdenum oxide or ferromolybdenum decreases significantly, or if the prices of these products decline significantly, our business, financial condition and results of operations may be materially and adversely affected.

In line with our strategy to increase our production of downstream processed products and become a leading producer of specialty metals and precious metals, we intend to expand our molybdenum product portfolio, change the molybdenum product mix and develop new lines of other specialty metals and precious metals products. However, there can be no assurance that we will be successful in reducing our dependence on molybdenum-based products.

We consider that successful product development and market acceptance of our existing and future products will depend on a number of factors, including:

- accurate prediction of market requirements;
- reputation, quality and price of our products and the products of our competitors;
- successful maintenance and development of our relationships with existing and potential customers; and

- changes in industry standards or end-user preferences.

There can be no assurance that any products we develop and introduce will achieve market acceptance and any such failure to achieve market acceptance may materially and adversely affect our business, financial condition, results of operations and prospects.

We are dependent upon a few major customers

We are dependent on our top five customers, which in aggregate accounted for 46.5%, 47.3% and 45.0% of our total turnover for the years ended 2004, 2005 and 2006, respectively. Please refer to the section headed "Business — Sales and Distribution" in this prospectus for further details. There can be no assurance that we will be able to retain these customers or that they will maintain their current level of business with us. If there is a reduction or cessation of orders from these customers for whatever reasons and we are unable to obtain, in substitution, suitable orders of a comparable size, our financial condition and results of operations may be materially and adversely affected.

Anti-dumping measures initiated by countries to which we export a large proportion of our products may affect our export sales to those countries

We export a material proportion of our products. For the years ended December 31, 2004, 2005 and 2006, our export sales accounted for approximately 56.8%, 51.0% and 34.9% of our total turnover, respectively. Our products may be subject to anti-dumping proceedings in the United States, South Korea and other countries and regions where we export our products. We cannot assure you that the countries or regions to which we export our products will not initiate anti-dumping measures against Chinese molybdenum or tungsten producers, including us. If they do, our financial condition and results of operations may be materially and adversely affected by these measures.

Our business operations may be materially and adversely affected in the event that we fail to record positive net current assets in the future

We had net current liabilities of RMB299.1 million, RMB225.8 million and RMB3.5 million as at December 31, 2004, 2005 and 2006, respectively. The majority of our net current liabilities was due to our short-term banking facilities, which had historically been our primary source of capital funding. We recorded a net current asset position of RMB573 million as at February 28, 2007. However, we cannot assure you that we will continue to be able to record net current assets in the future and our business operations may be materially and adversely affected by our net current liability position should it occur again in the future. As at the Latest Practicable Date, we had not experienced any liquidity problem in settling our payables in the ordinary course of business when they fell due. However, there can be no assurance that we will always be able to raise the necessary funding to finance our capital commitments and in such circumstances, our business, financial position, results of operations and prospects may be materially and adversely affected.

Dachuan's registration and business license may be revoked as a result of the non-payment of the registered capital by Gongda Zhiyuan, our joint venture partner in Dachuan

Dachuan was incorporated in the PRC on March 10, 2003 as a limited liability company. Dachuan's principal activities include the manufacture of ammonium molybdate and molybdenum powder. Dachuan contributed approximately 0.8% to our profit after taxation for the year ended December 31, 2006. We hold a 75% interest in Dachuan, and the remaining 25% equity interest is held by Gongda Zhiyuan. Pursuant to a joint venture agreement dated December 10, 2002 between

Gongda Zhiyuan and us, Gongda Zhiyuan's equity contribution of RMB17.5 million to the registered capital of Dachuan was to be discharged by the transfer to Dachuan of the legal title to various patents and non-patented technologies. As at December 31, 2006, however, Gongda Zhiyuan had not transferred such patents and non-patented technologies to Dachuan. Our PRC legal advisor has advised us that, under the Company Law, a promoter (being Gongda Zhiyuan in this case) must make its equity contribution to the registered capital of a limited liability company established in the PRC. If the promoter defaults, under the Regulation of the PRC on the Administration of Company Registration (《中華人民共和國公司登記管理條例》), the company registration authority may order the defaulting promoter to make the equity contribution and may impose on the defaulting promoter a fine of between 5% and 15% of the amount of the unpaid equity contribution. The company registration authority may also cancel the registration of the company (being Dachuan) or revoke its business license if the violation is considered to be serious. In that case, Dachuan will not be able to operate and exist legitimately. If Dachuan's business license is revoked, we cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. In November 2006, we filed a lawsuit in the People's Court of Luanchuan seeking to disqualify Gongda Zhiyuan's 25% interest in Dachuan and to rescind the joint venture agreement, dated December 10, 2002, between Gongda Zhiyuan and us. On February 9, 2007, the People's Court of Luanchuan rendered a judgment that Gongda Zhiyuan failed to make capital contribution to Dachuan pursuant to the joint venture agreement and shall not be considered a shareholder of Dachuan. The court further annulled the joint venture agreement. We were given an understanding that Gongda Zhiyuan appealed to the Intermediate People's Count of Luoyang City against the judgement in February 2007. However, as at the Latest Practicable Date, we had not yet received the formal appeal notice. If the litigation is eventually concluded in our favor, we can apply to the Luoyang Administration of Industry and Commerce to register ourselves as the sole shareholder of Dachuan. If the Luoyang Administration of Industry and Commerce registers us as the sole shareholder of Dachuan, the business license of Dachuan will remain valid and will not be revoked as a result of this court case. However, if the litigation is eventually concluded in favor of Gongda Zhiyuan, Gongda Zhiyuan will remain as a shareholder of Dachuan, holding a 25% equity interest in it, and the joint venture agreement will continue to be effective, as advised by our PRC legal advisor. In such case, the risk of revocation of Dachuan's business license remains until Gongda Zhiyuan makes its capital contribution to Dachuan pursuant to the joint venture agreement of Dachuan. We have obtained an indemnity from our Controlling Shareholders for any actual loss, damage or liability that we may incur or suffer in the event that our legal action against Gongda Zhiyuan is unsuccessful.

We will continue to be controlled by our Controlling Shareholders, whose interests may differ from those of our other Shareholders

Immediately following the Global Offering, LMG and CFC, our Controlling Shareholders, will own approximately 37.9% and 37.1% for our Shares respectively, or approximately 36.8% and 36.3%, respectively, if the Over-allotment Option is exercised in full. Each of LMG and CFC, through its voting power at Shareholders' meetings and their delegates on our Board, has a significant influence over our management and corporate policies, including our development strategies, capital expenditure and distribution plans. In addition, LMG and CFC may cause us to implement corporate transactions which might not be in, or may conflict with, our other Shareholders' best interests. In particular, LMG and CFC are able to:

- subject to applicable laws and regulations, cause our Board to act in a manner that may not be in the best interests of our other Shareholders;

- subject to the provisions of our Articles of Association, cause us to adopt amendments to our Articles of Association, including amendments that are not in the best interests of our other Shareholders; or

- otherwise determine the outcome of most corporate actions, including the enforcement of indemnities against our Controlling Shareholders and, subject to the applicable requirements of the Stock Exchange on which our Shares will be listed, cause us to effect corporate transactions without the approval of our other Shareholders.

We cannot assure you either LMG or CFC will vote on Shareholders' resolutions in a way that will benefit our other Shareholders.

We may be unable to pay any dividends on our Shares

Certain of our assets are held by, and most of our earnings and cash flow are attributable to, our operating subsidiaries. If the earnings from our operating subsidiaries decline, our earnings and cash flow will be materially and adversely affected. Under PRC law, our Articles of Association and the articles of association of our PRC subsidiaries, we and our PRC subsidiaries may only pay dividends (a) after 10% of the net profit of the company in question has been set aside as a statutory reserve fund (a requirement that is imposed until such reserve fund is equal to 50% of the company's relevant registered capital), and (b) based on the lower of the profits determined under IFRS (where applicable) and those under PRC GAAP. In addition, our ability to pay dividends will depend on our ability to generate sufficient accumulated net profits. We will only pay dividends out of our accumulated realized profits (so long as such profits have not been previously utilized through a distribution or capitalization) after deduction of our accumulated realized losses (so long as such losses have not been previously written off in a reduction or reorganization of capital). These restrictions on dividend payments also apply to our subsidiaries and, consequently, we cannot assure you that dividends will be paid to us by our subsidiaries.

We cannot assure you that we will declare dividends at all in the future. The declaration of future dividends, if any, will be proposed at the discretion of our Board and will depend upon our future results of operations, capital requirements, general financial condition, legal and contractual restrictions and other factors that our Board may deem relevant.

Our forecast consolidated profit attributable to our Shareholders for the six months ending June 30, 2007 may not necessarily give any indication of, and should not be interpreted as a guidance of, our full year financial results for 2007

Our Directors forecast that for the six months ending June 30, 2007, our consolidated profit attributable to our Shareholders is expected to be not less than RMB950 million (equivalent to approximately HK$960 million).

Our business and results of our operations have grown considerably over the Track Record Period as a result of a number of factors including the overall strong recovery in the prices of molybdenum, and growth in our production and sales volumes of molybdenum products resulting from increases in our mining, flotation, roasting and smelting and downstream processing capacities, and overall improvements in our processing efficiency and recovery rates. The results of our operations are generally not subject to any material seasonality. However, they have been, and are expected to continue to be, affected by a number of factors including, among other things, the market prices for molybdenum and our products, the operating and financial performance of our mining and processing operations, economic growth globally and in the PRC, and the PRC

Government control and regulations. These factors could vary materially between the conditions expected in the first half of 2007 and the second half of 2007. Please refer to this section "Risk Factors" and the section headed "Financial Information — Factors affecting results of operations and financial condition" in this prospectus for further information.

Due to the factors described above, many of which are beyond our control, our forecast consolidated profit attributable to our Shareholders for the six months ending June 30, 2007 may not necessarily give any indication of, and should not be interpreted as a guidance of, our full year financial results for 2007.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC

The political and economic situation in the PRC may affect our business

Between 1978 and 2006, China's GDP grew at a rapid rate. In 2006, China's GDP grew at the rate of 10.7% as compared to that in 2005. However, we cannot assure you that such growth will continue in the future. The PRC economy differs from the economies of most developed countries in many respects, including differences in relation to structure, government involvement, level of development, economic growth rate, control of foreign exchange, allocation of resources and balance of payment position. For the past three decades, the PRC Government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on the PRC's overall long-term development, we cannot predict whether changes in the economic, political and social conditions of the PRC will adversely affect our current or future business, financial condition or results of operations. Moreover, even if new policies may benefit molybdenum companies in the long term, we cannot assure you that we will be able to successfully adjust to such policies. If there is a slowdown in the economic growth of the PRC or if its economy experiences a recession, demand for molybdenum and related products may also decrease and our business, financial condition and results of operations may be materially and adversely affected.

In addition, demand for our products may be affected by a variety of factors, some of which may be beyond our control, including:

- political instability or changes in social conditions of the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad;
- reductions in tariff protection and other import restrictions; and
- increases in usage fees and other applicable charges and payments associated with mineral resources.

Any significant changes in relation to any of these factors may materially and adversely affect our business, financial condition and results of operations.

Changes in PRC laws, regulations and policies, or the enactment and implementation of new PRC laws and regulations, may materially and adversely affect our financial condition and results of operations

Our operations, like those of other PRC molybdenum producers, are subject to a variety of regulations of the PRC Government. These regulations affect many aspects of our operations and include regulations on export quota, export duty reimbursement, industry-specific taxes and fees, custom duties, business qualifications, and environmental and safety standards. As a result, we may face significant constraints on our ability to implement our business strategies, develop or expand our business operations or maximize our profitability.

According to the Notice on Adjusting the Interim Import and Export Tariff Rate of Certain Commodities《關於調整部分商品進出口暫定税率的通知》issued by the Tariff Regulations Committee of the State Council (國務院關税税則委員會) on October 27, 2006, exports of roasted molybdenum ore, roasted molybdenum concentrate (i.e. molybdenum oxide), molybdenum ore and concentrate (excluding roasted) and ferromolybdenum shall be taxed at a rate of 10% from November 1, 2006. According to the "General Administration of Customs No.75, 2006 Bulletin — Adjustment of the import and export tax items and tax rates from January 1, 2007"《海關總署公告二零零六年第七十五號 — 由二零零七年一月一日起調整進口及出口税目及税率》, the temporary export tax rate of roasted molybdenum ore and concentrate, molybdenum ore and concentrate (excluding roasted) and ferromolybdenum is 10% in 2007; the temporary export tax rates of tungsten waste and scrap, molybdenum powder, unwrought molybdenum, and molybdenum waste and scrap in 2007 is 15%; the temporary export tax rate of tungsten trioxide, ammonium paratungstate (仲鎢酸銨), tungsten carbide, tungsten powder, and unwrought tungsten is 5% in 2007; the temporary export tax rate of calx and residue containing mainly tungsten, ferrotungsten and ferro-silico-tungsten is 10% in 2007. The export tax rate of tungsten ore and concentrate is 20% in 2007. The introduction of the export taxes may affect the selling prices of our products as well as the sales volume of our products.

According to the Category of Goods Administered under Export Licenses in 2007 (《2007年出口許可證管理貨物目錄》) issued by MOFCOM and the General Ministry of Customs on December 22, 2006, exports of various molybdenum products, including our products, are subject to export license regulations, and exports of tungsten and tungsten products are subject to export quota license regulations from January 1, 2007. In March 2007, the MOFCOM promulgated standards and procedures for the application of such export licenses and adjusted, on a temporary basis, the term of validity of export licenses for molybdenum products from six months to 30 days. Although we believe that we meet the criteria as set forth in these regulations and we will not have difficulty in obtaining export licenses for molybdenum products, such tightened control of exports of molybdenum products may increase our administrative costs and limit our molybdenum exports. We cannot assure you that this will not have a material adverse effect on our business, financial condition and results of operations.

For further details of the regulatory environment of the molybdenum and tungsten industries in the PRC and the PRC Government's recent policy reforms in respect of molybdenum and tungsten resources, please refer to the section headed "Regulatory Environment" in this prospectus.

Our business may also be materially and adversely affected by future changes in policies of the PRC Government applicable to the molybdenum and tungsten industries. For example, recently, there has been market speculation that an export quota system will be imposed on the export of molybdenum products in the PRC in the near future. However, it remains uncertain as to whether or when such export quota system will be introduced and, if so, what form it will take. The impact of such export quota system, including the impact on market prices for molybdenum in the PRC and other parts of the world, if implemented, is unknown. We cannot assure you that our financial condition and results of operations would not be materially and adversely affected should such export quota system on molybdenum products be introduced and applied to molybdenum exporters such as us.

Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our results of operations

We conduct operations primarily in the PRC and sell our products to customers both in the PRC and in other countries and regions. Our exposure to exchange rate fluctuations results primarily from the proceeds of sales denominated in foreign currencies. We export a portion of our products, and a portion of our sales is denominated in foreign currencies. For the years ended December 31, 2004, 2005 and 2006, our export sales accounted for approximately 56.8%, 51.0% and 34.9% of our total turnover, respectively. Substantially all of our costs are denominated in Renminbi. We do not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivatives transactions to hedge our currency risk. Any fluctuation in exchange rates may materially and adversely affect our turnover derived from overseas sales, our ability to pay dividends, and our financial condition and results of operations.

In addition, conversion of Renminbi is strictly regulated by the PRC Government. Current foreign exchange regulations have significantly reduced the PRC Government's foreign exchange control on routine transactions under current accounts, including trade and service related to foreign exchange transactions and payment of dividends. Under the existing foreign exchange regulations in the PRC, following completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there can be no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue indefinitely.

The value of the Renminbi may fluctuate due to a number of factors. From 1994 to 2005, the Renminbi was pegged to the U.S. dollar, and the conversion of Renminbi into foreign currencies in the PRC, including Hong Kong and U.S. dollars, was based on exchange rates published by PBOC. These rates were set daily based on the previous day's interbank foreign exchange market rates in the PRC and current exchange rates on the world financial markets. During that period, the official exchange rate for the conversion of Renminbi into U.S. dollars was generally stable. However, since July 21, 2005, Renminbi has been pegged to a basket of currencies rather than the U.S. dollar. This change in policy has resulted in the appreciation of Renminbi against the U.S. dollar and the Hong Kong dollar by approximately 3.9% from July 21, 2005 to December 29, 2006. It has also increased the uncertainty of the value of Renminbi. Since our financial statements are denominated in Renminbi, the termination of the linked exchange rate between the Renminbi and the U.S. dollar has increased the uncertainty of our income and profits. Any unfavorable change in the PRC Government's currency policies or any adverse change in conditions of the currency market may materially and adversely affect our financial condition and our results of operations. Any such adverse change may also materially and adversely affect the value of dividends, if any, payable on our H Shares in foreign currencies.

The outbreak of any severe communicable disease in the PRC, if uncontrolled, may materially and adversely affect our results of operations

The outbreak of any severe communicable disease in the PRC, if uncontrolled, could have a material adverse effect on the overall business sentiment and environment in the PRC. This in turn may have a material adverse impact on domestic consumption and, possibly, the overall GDP growth of the PRC. As a large proportion of our turnover is currently derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC may materially and adversely affect our financial condition, results of operations and future growth. In addition, if our employees are affected by severe communicable disease, we may be required to close our facilities or institute other measures to prevent the spread of the disease, which may materially and adversely affect or disrupt our production, resulting in a material adverse effect on our results of operations. The spread of any severe communicable disease in the PRC may also affect the operations of our customers and suppliers, which may have a material adverse effect on our financial condition and results of operations.

Interpretation of PRC laws and regulations involves uncertainty and we face risks relating to the inspections and examinations by relevant authorities

We were incorporated under the laws of the PRC. In addition, as our business is mainly conducted in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can be used only as a reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to mining rights and mining. However, because these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, the interpretation of PRC laws and regulations involves uncertainty. Depending on the way an application or case is presented to a government agent and on the government agent itself, we may receive less favorable interpretations of laws and regulations than our competitors. In addition, any litigation in the PRC may be protracted and result in substantial cost to us and diversion of both our resources and management attention.

The PRC's National Audit Office, or the NAO, from time to time performs audits on certain State-controlled companies and publishes their audited results. During the Track Record Period, we had not been audited by the NAO. We expect to be audited by the NAO. However, we cannot predict the timing or the outcome of our NAO audit. If, as a result of any such audit in the future, the NAO considers that we have material irregularities or other instances of non-compliance, we may be subject to fines and other administrative penalties, which may have a material adverse effect on our reputation, as well as our business and prospects.

Holders of our H Shares may not be able to enforce their rights

As a PRC company offering and listing its H Shares outside the PRC, we are subject to the Special Regulations and the Mandatory Provisions, both of which are different from the requirements of the Companies Ordinance. Once our H Shares are listed on the Stock Exchange, the Listing Rules will become the principal basis for protection of shareholders' rights. The Listing Rules contain particular standards of conduct, fairness and disclosure for us, our Directors and our Controlling Shareholders. So far as we are aware, the PRC court has not published any case report that involves a request by a holder of H shares of a PRC company to exercise his or her rights under its constitutional document, the Company Law or any regulations of the PRC or Hong Kong applicable to PRC joint stock companies with limited liability.

In addition, upon the Listing, we will be subject to the Listing Rules and the standards set out in the Hong Kong Codes on Takeovers and Mergers and Shares Repurchases. However, the holders of our H Shares will not be able to bring actions against us on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and only provide standards of acceptable commercial conduct for takeover and merger transactions and share repurchases in Hong Kong.

The Listing Rules and our Articles of Association provide that most disputes between holders of our H Shares and us, our Directors, Supervisors, officers or holders of Domestic Shares arising out of our Articles of Association or the Company Law and related regulations concerning our affairs, such as the transfer of our H Shares, are to be resolved through arbitration. An arrangement between Hong Kong and the PRC for the reciprocal enforcement of arbitral awards became effective in the PRC on February 1, 2000. This arrangement was made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. Under the arrangement, awards that are made by the PRC arbitral authorities can be enforced in Hong Kong, and awards made by Hong Kong arbitral authorities can be enforced in the PRC. So far as we are aware, however, no action has been brought in the PRC by any H share holder to enforce an arbitral award made by the arbitral authorities of the PRC or Hong Kong, and there are uncertainties as to the outcome of any action brought in the PRC to enforce such arbitral awards. Although the recently published "Arrangements between the Mainland and Hong Kong Special Administrative Region in Relation to the Recognition and Enforcement of Court Decisions of Civil and Commercial Cases in Which the Parties Agreed on Jurisdiction" (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) was designed to provide clarity on the enforceability of decisions by PRC courts in Hong Kong and Hong Kong courts in the PRC, so far as we are aware, uncertainties remain as to the outcome and effectiveness of such arrangements.

Holders of our H Shares may be subject to PRC taxation

Under current PRC tax laws, regulations and rulings, dividends paid to holders of our H Shares outside the PRC are exempt from PRC income tax. In addition, gains realized by holders of our H Shares upon the sale or other disposition of our H Shares are currently exempt from PRC income tax. If the exemptions are withdrawn, holders of our H Shares may be required to pay PRC income tax or we may be required to withhold such tax from dividend payments. Unless there is an applicable tax treaty between the PRC and the jurisdiction in which such overseas holders of our H Shares reside, which may reduce or exempt the relevant tax, such holders will be required to pay PRC income tax or withholding tax on dividends. Please refer to the section headed "Taxation and Foreign Exchange" in Appendix VI to this prospectus.

We cannot guarantee the accuracy of government official facts and statistics with respect to the PRC, the PRC economy and the PRC molybdenum and other industries contained in this prospectus

Facts and statistics in this prospectus relating to the PRC, the PRC economy and the PRC molybdenum, tungsten and other industries which are derived from various government official sources are generally believed to be reliable. However, we cannot guarantee the quality or reliability of such facts and statistics. They have not been prepared or independently verified by us, the Joint Sponsors, the Underwriters or any of their or our respective affiliates, directors or advisors. We therefore make no representation as to the accuracy of the facts and statistics contained in such government official sources, some of which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the government official facts and statistics in the section headed "Industry Overview" in this prospectus with respect to the PRC and its economy, and the molybdenum and tungsten industries may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Furthermore, there can be no assurance that the facts and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

RISKS RELATING TO THE GLOBAL OFFERING

Future sales of substantial amounts of our securities in the public market (or transactions perceived as sales), including any future A Share offering, any sale of our H Shares by the NSSF or any conversion of our Domestic Shares into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future and may result in dilution of your shareholdings

The market price of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market or the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales of substantial amounts of our securities, including any future offerings, or the perception that such sales are likely to occur, may also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

In accordance with relevant PRC regulations regarding the disposal of State-owned shares, LMG will transfer to the NSSF 108,360,000 H Shares, representing approximately 2.3% of our total issued share capital, immediately following completion of the Global Offering (or 119,196,000 H Shares, representing approximately 2.4% of our total issued share capital, after the Over-allotment Option is exercised in full). The NSSF has not entered into any undertaking restricting its disposal or resale of these H Shares. Under the Company Law, in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. However, based on the Provisional Procedures for the Reduction of State-owned Shareholdings and the Raising of Social Security Funds (《國務院關於減持國有股籌集社會保障資金管理暫行辦法》) issued by the State Council, our PRC legal advisor has advised us that any transfer of the Shares issued to the NSSF before the Listing will not be subject to such transfer restriction.

Upon the approval of the securities regulatory department under the State Council, our Domestic Shares may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange would have to comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the transferred Shares on an overseas stock exchange. However, the Company Law provides that in relation to the public offering of a company, the shares of that company which were issued prior to the public offering may not be transferred within one year from the date of the listing. The potentially substantial number of our Domestic Shares that will be registered into H Shares beginning one year after the Global Offering may further increase the supply of our H Shares in the market and could negatively impact the market price of the H Shares.

There has been no prior public market for our H Shares; our H Shares may not trade actively in the market, and their transaction price may be volatile

Prior to the Global Offering, there has been no public market for our Shares, including our H Shares. The initial Offer Price range to the public for our H Shares was the result of negotiations between us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price of our H Shares following the Global Offering. We have applied to list, and deal in, our H Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of our H Shares will not decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our H Shares. Furthermore, the trading price and volume of our H Shares may be volatile. Factors such as variations in our turnover, earnings and cash flows or any other developments may affect the price and volume at which our H Shares will trade.

As the Offer Price is higher than the net tangible book value per Share, the book value of any H Shares you buy will be diluted immediately

The Offer Price is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in the net tangible asset value to HK$1.61 per H Share (assuming an Offer Price of HK$5.90, which is the mid-point of our indicative Offer Price range, and assuming the Over-allotment Option is not exercised), and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience a further dilution of their interest if the International Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

There will be a four business-day time gap between the pricing and trading of our H Shares offered in the Global Offering

The Offer Price will be determined on the Price Determination Date. However, our H Shares will not commence trading on the Stock Exchange until after they 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 H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the Pricing Determination Date and the time when trading begins.

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 other media, including, in particular, any projections, valuations, other forward-looking information or information about corporate investors

There has been press coverage in the Hong Kong Economic Times and Hong Kong Economic Journal on March 23, 2007 and in the South China Morning Post, Ming Pao Daily News, The Standard and Hong Kong Economic Times on March 27, 2007, which includes information about our corporate investors, certain projections, valuations and other forward-looking information about us. We wish to emphasize to potential investors that we do not accept any responsibility for the accuracy or completeness of such press articles or other media and that such press articles or other media were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations, other forward-looking information or information about our corporate investors, included in or referred to by the media. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors should not rely on any such information.